CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

Making progress possible. Together.

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

UNAUDITED

WELL RUN CITY

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REPORTING ENTITY'S MANDATE

The reporting entity (hereinafter 'the Entity') is a high-capacity, category A local authority established in terms of section 151 of the Constitution of the Republic of South Africa Act, Act 108 of 1996.

The principal activities of the Entity are to:

- provide democratic and accountable government to the local communities;
- ensure sustainable service delivery to communities;
- promote social and economic development;
- promote a safe and healthy environment; and
- encourage the involvement of communities and community organisations in the matters of local government.

The Entity's operations are governed by the Local Government: Municipal Structures Act, Act 117 of 1998, the Local Government: Municipal Systems Act, Act 32 of 2000, the Local Government: Municipal Finance Management Act, Act 56 of 2003, and various other acts and regulations.

APPROVAL OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

I am responsible for the preparation of these consolidated annual financial statements for the year ended 30 June 2018, as set out on pages 10 to 96 in terms of section 126(1) of the Local Government: Municipal Finance Management Act, Act 56 of 2003, and have accordingly signed the statements on behalf of the City.

I certify that the salaries, allowances and benefits of councillors as disclosed in note 41.2.1 to these consolidated annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa Act, Act 108 of 1996, read with the Remuneration of Public Office Bearers Act, Act 20 of 1998, and the Minister of Provincial and Local Government's determination in accordance with this Act.

Lungelo Mbandazayo
City Manager

26 September 2018

REPORT OF THE AUDITOR-GENERAL

TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL ON THE CITY OF CAPE TOWN

Report on the audit of the financial statements

Content to come

REPORT OF THE AUDITOR-GENERAL

TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL ON THE CITY OF CAPE TOWN (continued)

Content to come

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

GENERAL INFORMATION

EXECUTIVE MAYOR

Ald P de Lille

EXECUTIVE DEPUTY MAYOR

Ald ID Neilson

SPEAKER
Ald JD Smit

CHIEF WHIP
Cllr S August

FINANCE MAYORAL COMMITTEE MEMBER
Cllr JFH van der Merwe

CHIEF FINANCIAL OFFICER
K Jacoby

CITY MANAGER

L Mbandazayo

GENERAL INFORMATION (continued)

MAYORAL COMMITTEE MEMBERS

Ald P de Lille	Executive Mayor
Ald ID Neilson	Executive Deputy Mayor
	Portfolio
Cllr SP Diamond	Assets and Facilities Management
Cllr XT Limberg	Informal Settlements, Water and Waste Services; Energy
Ald JP Smith	Safety and Security, Social Services
Cllr JFH van der Merwe	Finance
Cllr BN Herron	Transport and Urban Development Authority
Cllr R Arendse	Corporate Services
	Area-based
Cllr A Ntsodo	Area-based Oversight East
Cllr EP Andrews	Area-based Oversight South
Cllr SA Little	Area-based Oversight North
Cllr S Mamkeli	Area-based Oversight Central

AUDIT AND PERFORMANCE AUDIT COMMITTEE MEMBERS

D Singh	Chairperson (appointed on 28 March 2018 for the current period coinciding with her current membership of the Committee)
S Barnes	Member (appointed w.e.f. 1 October 2017)
M Burton	Member (appointed w.e.f. 1 April 2018)
R Nicholls	Member (appointed w.e.f. 1 October 2017)
A Rhoda	Member

GENERAL INFORMATION (continued)

AUDITORS
The Auditor-General of South Africa
No 17 Park Lane Building
Park lane
Century City
7441

Private Bag X1
Chempet
7442

BANKERS
Nedbank Limited
135 Rivonia Campus
135 Rivonia Road
Sandown
Sandton
2196

PO Box 1144
Johannesburg
2000

REGISTERED OFFICE
City of Cape Town
12 Hertzog Boulevard
Cape Town
8001

PO Box 655
Cape Town
8000

GENERAL INFORMATION (continued)

Council members of the City of Cape Town

Cllr A Abrahams
Cllr FL Abrahams
Cllr MR Abrahams
Cllr MF Achmat
Cllr A Adams
Cllr A Adams
Cllr R Adams
Cllr Y Adams
Cllr M Adonis
Cllr ZC Adonis
Cllr FK Ah-Sing
Cllr WJ Akim
Ald D Amira
Cllr EP Andrews
Cllr E Anstey
Cllr R Arendse
Cllr SWP Arendse
Cllr A Arnolds
Cllr SN August
Cllr DE Badela
Cllr ZA Badroodien
Cllr MK Bafo
Cllr UM Barends
Cllr GG Barnardo
Cllr AJG Basson
Cllr S Batala
Cllr TM Batembu
Cllr R Bazier
Cllr R Beneke
Cllr CB Bew
Cllr N Bolitye
Cllr M Booi
Cllr G Bosman
Cllr FR Botha-Rossouw
Cllr R Bresler
Cllr EN Brunette
Cllr DW Bryant
Cllr X Cekiso
Cllr KR Carls
Cllr H Carstens
Cllr MA Cassiem
Cllr MF Cassim
Ald GV Cavanagh
Cllr CS Cerfontein
Cllr PH Chapple
Cllr MN Chitha
Cllr DJ Christians
Cllr CC Clayton
Cllr DG Cottee
Cllr SA Cottle
Cllr AC Crous
Cllr J Cupido
Cllr T Dasa
Cllr MM Davids
Ald P de Lille
Cllr SP Diamond
Cllr NN Dilima
Cllr WB Dlulane
Cllr WP Doman
Cllr DK Dudley
Cllr PA East
Cllr CJ Esau
Cllr JP Fitz
Cllr E Fortune
Cllr GD Fourie
Cllr P Francke
Cllr A Gabuza
Cllr F Gaffoor
Cllr BC Golding
Cllr GE Gordon
Cllr AJ Griesel
Cllr CDW Groenewoud
Cllr NE Grose
Cllr LA Gungxe
Cllr B Hadebe
Cllr B Hansen
Cllr W Harris
Cllr GCR Haskin
Cllr MGE Hendricks
Cllr BN Herron
Cllr PC Heynes
Cllr ND Hlangisa
Cllr MW Hlazo
Cllr TT Honono
Cllr VR Isaacs
Cllr IR Iversen
Cllr BM Jacobs
Cllr HW Jacobs
Cllr WD Jaftha
Cllr L Jali
Cllr C Janse van Rensburg
Cllr E Jansen
Cllr S John
Cllr C Jordaan
Ald CR Justus
Cllr ML Kempthorne
Cllr DM Khatshwa
Cllr MRH Kleinschmidt
Cllr ME Kleinsmith
Cllr AL Komeni
Cllr NF Kopman
Cllr GPG Kriel
Cllr AE Kuhl
Cllr MD Kumeke
Ald NJ Landingwe
Cllr SP Liell-Cock
Cllr A Lili
Cllr XT Limberg
Cllr SA Little
Cllr CO Mabona
Cllr BC Madikane
Cllr N Mahangu
Cllr N Mahlati
Cllr N Makamba-Botya
Cllr N Makasi
Cllr BM Majingo
Cllr LC Makeleni
Cllr S Mamkeli
Cllr SK Manata
Ald GW March
Cllr RPJ Mare
Cllr PI Marman
Cllr J Martlow
Cllr V Matanzima
Cllr JJ Maxheke
Cllr P Maxiti
Cllr S Mbandezi
Cllr JS Mbolompo
Cllr NV Mbombo
Cllr LM Mbele
Cllr LVP McBride
Cllr J McCarthy
Cllr AP McKenzie
Cllr SS Mfecane
Cllr NE Mgolombane
Cllr JH Middleton
Cllr PM Mngxunyeni
Cllr S Moodley
Cllr AC Moses
Cllr RM Moses
Cllr NA Moshani
Cllr T Mpengezi
Cllr S Mzobe
Cllr PS Mzolisa
Cllr N Ndaleni
Cllr AX Ndongeni
Ald ID Neilson
Cllr K Nethi
Cllr BP Ngcani
Cllr B Ngcombolo
Cllr MWN Ngeyi
Cllr PM Ngqu
Cllr D Ngubelanga
Cllr S Ngxumza
Ald MJ Nieuwoudt
Cllr M Nikelo
Cllr S Nkomiyahlaba
Cllr FM Nkunzana
Cllr X Nofemele
Cllr SM Noludwe

Council members of the City of Cape Town (continued)

Cllr S Nonkeyizana	Ald FA Purchase	Cllr X Sotashe	Cllr CHS van Wyk
Cllr SP Nqamnduku	Cllr RM Quintas	Cllr KG Southgate	Cllr A van Zyl
Cllr ML Nqavashe	Cllr MH Raise	Cllr T Stemele	Cllr M Velem
Cllr M Nqulwana	Cllr SA Ramsay	Cllr Z Sulelo	Cllr R Viljoen
Cllr A Ntsodo	Cllr B Rass	Cllr PS Swart	Cllr DA Visagie
Cllr P Nyakaza-Sandla	Cllr R Rau	Cllr EAJ Theron	Cllr CL Visser
Cllr L Nyingwa	Cllr FHL Raymond	Cllr G Timm	Cllr J Visser
Cllr SF Oerson	Cllr N Rheeder	Cllr BEF Truter	Cllr PP Vokwana
Ald MJ Oliver	Cllr SJ Rossouw	Cllr LE Tshwete	Cllr ST Vuba
Cllr XB Pakela	Cllr T Sakathi	Ald GG Twigg	Cllr FC Walker
Cllr GC Peck	Cllr R Saralina	Cllr TA Uys	Ald BRW Watkyns
Cllr XG Peter	Cllr N Silas	Cllr B van der Merwe	Cllr C Williams
Cllr MJ Petersen	Cllr RZ Simbeku	Cllr JFH van der Merwe	Cllr JJ Witbooi
Cllr S Philander	Cllr RS Simons	Cllr A van der Rheede	Cllr J Woodman
Cllr MP Pietersen	Cllr AJ Skippers	Cllr PE van der Ross	Cllr M Xego
Cllr TI Pimpi	Ald JD Smit	Cllr ML van der Walt	Cllr SK Yozi
Ald SB Pringle	Ald JP Smith	Cllr BM van Minnen	Cllr LG Zondani
Cllr CB Punt	Cllr NP Sono	Cllr B van Reenen	

In the course of the reporting period, the following councillors ceased to be political office-bearers:

Cllr MPJ Menisi	16/07/2017	Ald C Brynard	30/08/2017
Cllr A Leitch	31/07/2017	Cllr HS Davids	11/04/2018
Cllr NL Mquqwana	14/08/2017		

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2018

SIGNIFICANT ACCOUNTING POLICIES

The Entity's significant accounting policies, which are in all material respects consistent with those applied in the previous year, except as stated in note 38, are set out below. These consolidated annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, except where indicated otherwise. Management has used assessments and estimates in preparing the annual financial statements – these are based on the best information available at the time of preparation.

Going concern assumption

These consolidated annual financial statements have been prepared based on the expectation that the Entity will continue to operate a going concern for at least the next 12 months.

Basis of presentation

The financial statements have been prepared in accordance with the Generally Recognised Accounting Practices (GRAP), standards issued by the Accounting Standards Board (ASB) and approved by the Minister of Finance as effective.

The ASB has issued a directive that outlines the principles for the application of the GRAP 3 guidelines in determining the GRAP Reporting Framework hierarchy, as set out in the 'Standard of GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors'.

Use of significant judgements and estimates

In the process of applying the Entity's accounting policies, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively:

- **Going concern**

Management considers key financial metrics and approved medium-term budgets, together with the municipality's dependency on grants from national and provincial government, to conclude that the going concern assumption used in the compiling of its annual financial statements, is appropriate.

- **Operating lease commitments – City as lessor**

Leases where risks and rewards of ownership are not transferred to the lessee are classified as operating leases.

- **Pension and other post-employment benefits**

The cost of defined-benefit pension plans and other employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

- **Impairment of receivables**

The calculation in respect of the impairment of receivables is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments. This was performed per service-identifiable categories across all debtor classes. The concentration of credit risk is limited, as the customer base is large and unrelated. Accordingly, management believes no further credit provisions are required in excess of the present allowance for doubtful debts.

- **Impairment of property, plant and equipment**

The calculation in respect of the impairment of property, plant and equipment(PPE) is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This was performed across all classes of property, plant and equipment.

- **Significant delays in assets under construction**

The Entity regarded disclosure of significant delay in assets under construction that is more than one year.

- **Residual value of property, plant and equipment**

Management has determined that none of its infrastructural assets have any active market value, and the value of the amount at the end of their lives would therefore be insignificant.

- **Useful lives of property, plant and equipment**

The useful lives of assets are based on management's estimates. Management considers the impact of technology, service requirements and required return on assets to determine the optimum useful-life expectation, where appropriate. The estimated residual values of assets are also based on management's judgement on whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

- **Material losses**

Material losses are losses that occur due to factors other than normal production and are regarded as material if its omission or misstatement will affect the decisions made by users of the information.

Losses that occur due to normal production are classified as production cost and are factored into the City's tariffs; they therefore do not constitute material losses. If actual production losses exceed the budgeted production losses factored into the tariff, this difference is considered material losses.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

- **Provisions and contingent liabilities**

Management's judgement is required when recognising and measuring provisions, as well as when measuring contingent liabilities, as set out in notes 14, 16 and 37 respectively. Provisions are discounted where the effect of discounting is material.

- **Budget information**

Variances between budget and actual amounts are regarded as material when a variance exists of:

– 10% in the statement of financial position, statement of financial performance and the cash flow statement;

– 5% in the capital expenditure.

All material differences are explained in note 39 to the consolidated annual financial statements.

- **Cash-generating assets**

The Entity is not a profit-oriented entity as its primary objective is service delivery. Tariffs and charges are cost-reflective to ensure continued financial sustainability. No profit element is included in the determination of a tariff.

As such, management has determined that the Entity does not control assets that meet the definition of cash-generating assets, and that the GRAP standard for the impairment of non-cash-generating assets will apply to all assets of the Entity.

Adoption of new and revised standards

- **Standards and interpretations effective and adopted in the current year**

The ASB has issued no new standards or interpretations that are effective for the current year. The ASB issued improvements to the Standards of GRAP that are applicable and effective in the current year. These improvements did not lead to changes in the accounting policy for the City.

- **Standards and Interpretations early adopted**

The Entity has not early adopted any GRAP standard that is not yet effective, but has based its accounting policies on GRAP 20, 32, 108, 109 and IGRAP 17.

- **Standards and interpretations issued, but not yet effective**

At the date of submission of these financial statements, the following amendments to Standards of GRAP and approved Standards of GRAP and had been issued but were not yet effective:

- **Annual periods commencing on or after 1 April 2018:**
  GRAP 21 - Impairment of non-cash-generating assets (revised)
  GRAP 26 - Impairment of cash-generating assets (revised)

  Amendments were made to the definition of cash-generating assets and explanatory commentary was added to the Standards.

  The Entity is assessing the potential impact on its financial statements resulting from these amendments. So far, the Entity does not expect any significant impact. Where the application of the amendments result in the redesignation of existing assets from cash-generating asset to non-cash generating asset or from non-cash-generating asset to a cash-generating asset, the Entity shall assess whether that redesignation triggers an impairment test or a reversal of an impairment loss.

  The Entity has not early adopted the amended standards in preparing these financial statements.

- **Annual periods commencing on or after 1 April 2019:**
  GRAP 20 - Related-party disclosures (revised)
  GRAP 32 - Service concession arrangements: Grantor
  GRAP 108 - Statutory receivables
  GRAP 109 - Accounting by principals and agents

  The Entity has based its accounting policies on these standards and therefore the application of the standards will have no impact on the financial statements.

- **Annual periods commencing on or after 1 April 2020:**
  GRAP 18 - Segment reporting
  GRAP 110 - Living and non-living resources

  The above standards will be complied with in the financial statements once the standards take effect. Preliminary investigations indicated that GRAP18 will require additional presentation and disclosure in the financial statements and GRAP 110 will have an immaterial impact.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

- **No effective dates provided yet:**
  GRAP 34 - Separate financial statements
  GRAP 35 - Consolidated financial statements
  GRAP 36 - Investments in associates and joint ventures
  GRAP 37 - Joint arrangements
  GRAP 38 - Disclosure of interest in other entities
  IGRAP 17 - Service concession arrangements where a grantor controls a significant residual interest in an asset
  IGRAP 18 - Recognition and derecognition of land
  IGRAP19 - Liabilities to Pay Levies

  All the above standards, where applicable, will be complied with in the financial statements once the standards take effect. Preliminary investigations indicated that, other than additional disclosure, the impact of the standards on the financial statements will be minimal.

CONSOLIDATION

The Entity's financial statements incorporate the financial statements of the parent entity, i.e. the City of Cape Town, and all its subsidiaries and joint ventures, presented as a single economic entity, and consolidated at the same reporting date as the parent entity.

Subsidiaries

Subsidiaries are entities controlled by the Entity. The existence and effect of potential voting rights that are currently exercisable or convertible without restriction are considered when assessing whether the Entity controls another entity. Subsidiaries are consolidated from the date that effective control is transferred to the Entity, and are no longer consolidated from the date that effective control ceases.

For certain entities, the Entity has entered into contractual arrangements that afford the Entity power to exercise control over the operations of such entities. Because the Entity controls such entities in this manner, they are considered to be subsidiaries and are therefore consolidated in the annual financial statements.

All intergroup transactions, balances and unrealised gains and losses are eliminated as part of the consolidated process. The interests of non-controlling shareholders in the consolidated equity and results of the group are shown separately in the consolidated statement of financial position and statement of financial performance respectively. Losses applicable to the non-controlling interest in a subsidiary are allocated to the non-controlling interest, even if doing so causes the non-controlling interest to have a deficit balance. Investments in subsidiaries are stated at cost less impairment losses in the separate financial statements of the Entity, with intergroup investments eliminated on consolidation.

HOUSING FUNDS

The housing development fund was established in terms of the Housing Act, Act 107 of 1997.

Housing development fund

Sections 15(5) and 16 of the Housing Act, which came into effect on 1 April 1998, required the Entity to maintain a separate housing operating account. This legislated separate operating account is known as the housing development fund and is fully cash-backed.

The Housing Act also in terms of section 14(4)(d)(iii)(aa), read with, inter alia, section 16(2), that the net proceeds of any letting, sale or alienation of property previously financed from government housing funds, be paid into a separate operating account, and be utilised by the Entity for housing development in accordance with the National Housing Policy.

Unrealised housing proceeds

In order to comply with sections 14(4)(d)(i) and (iii) of the Housing Act, in terms of which all net proceeds need to be paid into the housing development fund, it was necessary to create a holding account that represents the unrealised funds due by long-term housing selling developments and sponsored loan debtors. This account is reduced when debtors are billed for their current loan repayments.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

RESERVES

The Entity creates and maintains reserves in terms of specific requirements.

Capital replacement reserve (CRR)

In order to finance the acquisition of property, plant and equipment and other assets from internal sources, cash amounts are transferred from the accumulated surplus to the CRR.

The following guidelines are set for the creation and utilisation of the CRR:

- The cash funds that back up the CRR are invested until utilised.
- The CRR may only be utilised for purchasing items of property, plant and equipment, and not for their maintenance, unless otherwise directed by Council.
- Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR, and the accumulated surplus is credited by the corresponding amount.

Insurance reserve

- **Self-insurance reserve**

A general insurance reserve has been established and covers claims that may occur, subject to reinsurance where deemed necessary. Premiums are charged to the respective services, taking into account the claims history and replacement value of the insured assets.

Reinsurance premiums paid to external reinsurers are regarded as an expense, and are shown as such in the statement of financial performance. The net surplus/deficit on the insurance operating account is transferred to or from the insurance reserve via the statement of changes in net assets.

A viability valuation report is obtained each year to assess the adequacy of the insurance reserve at year-end.

- **Compensation for occupational injuries and diseases (COID) reserve**

The Entity has been exempted from making contributions to the Compensation Commissioner for occupational injuries and diseases in terms of section 84 of the COID Act, Act 130 of 1993.

The certificate of exemption issued by the Commissioner and prescribed by the COID Act requires the Entity to deposit cash and/or securities with the Commissioner, the market values of which in aggregate shall not be less than the capitalised value of the Entity's continuing liability as at 31 December of each year.

The continuing liability is that of annual pensions, the capitalised value of which is determined on the basis of an actuarial determination prescribed by the Commissioner. A COID reserve has been established to equate to the value of the continuing liability. The market value of the securities is determined annually by the Commissioner, and the Entity is required to meet any shortfall in the aggregate value of the securities as at 31 December. Monthly pensions are funded by transferring funds from the reserve to the expense account in the statement of financial performance.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Where property, plant and equipment are acquired through non-exchange transactions, the cost is deemed to be the item's fair value on the date of acquisition.

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery of the assets are enhanced in excess of the originally assessed standard of performance. If expenditure only restores the originally assessed standard of performance, it is regarded as repairs and maintenance, and is expensed.

The Entity maintains and acquires assets to provide a social service to the community, with no intention of disposing of the assets for any economic gain.

The gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value, and is recognised in the statement of financial performance.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Depreciation rates

Depreciation is calculated at cost, using the straight-line method, over the estimated useful lives of the assets. The residual value, depreciation method and useful life, if not insignificant, are reassessed annually with the effect of any changes in estimate accounted for on a prospective basis. The depreciation rates are based on the following estimated useful lives:

	Years		Years
Infrastructure		**Other**	
Roads and paving	10-50	Buildings	2-50
Electricity	15-50	Other vehicles	4-15
Water	15-30	Office equipment	2-16
Sewerage	15-20	Watercraft	5
Telecommunications	10-30	Bins and containers	5
		Landfill sites	30
Housing	30	Specialised vehicles	10-20
		Library books	1
Community		Furniture and fittings	2-15
Community and recreational facilities	20-50	Computer equipment	2-9
Security	5-10	Plant and equipment	2-19
		Service concession	10-30

Assets under construction are carried at cost. Depreciation of an asset commences when the asset is ready for its use as intended by management. Freehold land is not depreciable, as it has an indefinite useful life.

INVESTMENT PROPERTIES

Investment properties are immovable land and/or buildings that are held to earn rental income and/or for capital appreciation. Investment property excludes owner-occupied property that is used in the production or supply of goods or services or for administrative purposes, or property held to provide a social service.

Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses. Where investment properties are acquired through non-exchange transactions, the cost is deemed to be the item's fair value on the date of acquisition.

Investment property other than vacant land is depreciated on the straight-line basis over the useful lives of the assets, estimated at 20 to 50 years.

An investment property is derecognised upon disposal or when it is permanently withdrawn from use, and when no future economic benefits or service potential are expected from its disposal. Any gain or loss arising from the retirement or disposal of investment property is included in the surplus or deficit in the period of the retirement or disposal.

Direct income and expenses arising from investment property are disclosed as part of general income and expenses, and are thus not disclosed separately, as they are not material.

HERITAGE ASSETS

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance, and is held and preserved indefinitely for the benefit of present and future generations.

Heritage assets are stated at cost less accumulated impairment losses. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition. Costs incurred to enhance or restore the heritage asset to preserve its indefinite useful life are capitalised as incurred. Day-to-day costs incurred to maintain a heritage asset are expensed.

Transfers to heritage assets are made only when the asset meets the definition of a heritage asset, and transfers from heritage assets are only made when the asset no longer meets the definition of a heritage asset. Transfers to and from heritage assets are done at the carrying amount of the assets transferred, at the date of transfer.

The gain or loss arising from the disposal or retirement of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying value, and is recognised in the statement of financial performance. Heritage assets are not depreciated, since their long economic life and high residual value mean that any depreciation would be immaterial.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

INTANGIBLE ASSETS

An intangible asset is defined as an identifiable non-monetary asset without physical substance, held for use in the production or supply of goods or services, for rental to others or for administrative purposes.

Intangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where intangible assets are acquired through non-exchange transactions, the cost is deemed to be the item's fair value on the date of acquisition.

The Entity recognises computer development software costs as intangible assets if the costs are clearly associated with an identifiable and unique system controlled by the Entity, and have a probable benefit exceeding one year. Direct costs include software development employee costs and an appropriate portion of relevant overheads.

Amortisation rates

Intangible assets are amortised on the straight-line basis over the useful lives of the assets. The residual value, amortisation method and useful life, if not insignificant, are reassessed annually, with the effect of any changes in estimate accounted for on a prospective basis.

The amortised rates are based on the following estimated useful lives:

	Years
Acquisition of rights	8
Computer software	5-10

IMPAIRMENT OF NON-CASH-GENERATING ASSETS

All City of Cape Town assets are classified as non-cash-generating assets.

At the end of each reporting period, carrying amounts of non-cash-generating assets are reviewed to determine whether there is any indication of impairment. If any such indication exists, the recoverable service amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Intangible assets with indefinite useful lives as well as intangible assets not yet available for use are tested for impairment annually at the same time every year, as well as whenever there is an indication that the asset may be impaired.

The recoverable service amount of a non-cash-generating asset is the higher of fair value less costs to sell, and the value-in-use. The value-in-use is the present value of the remaining service potential of the asset, and is determined using the most appropriate of the depreciated replacement cost, restoration cost or service units approach.

The discount rate used reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable service amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. An impairment loss is recognised immediately in surplus or deficit.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable service amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

IMPAIRMENT OF CASH-GENERATING ASSETS

Cash-generating assets are those assets held by the Cape Town International Convention Centre Company SOC Limited (RF) (CTICC) with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by the profit-orientated CTICC, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

The carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash flows from continuing use, which are largely independent of the cash inflows from other assets or groups of assets.

The costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Fair value less costs to sell is the amount obtainable from the sale of an asset in the arm's-length transaction between knowledgeable, willing parties, less costs of disposal.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell, and its value-in-use.

Useful life is either:
a) the period of time over which an asset is expected to be used by the CTICC; or
b) the number of production or similar units expected to be obtained from the assets by the CTICC.

Criteria developed by the CTICC to distinguish cash-generating assets from non-cash-generating assets are as follows:

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The CTICC assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the CTICC estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the CTICC also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value-in-use

The value-in-use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value-in-use of an asset, the CTICC estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal, and applies the appropriate discount rate to those future cash flows.

Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use), which can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flow exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the CTICC expects to obtain from the disposal of the asset in an arm's-length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the entity recognises a liability only to the extent that it is a requirement in the standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

CASH AND CASH EQUIVALENTS

Cash includes cash on hand, cash with banks, and call deposits. Cash equivalents are short-term bank deposits with a maturity of three months or less from inception, readily convertible to cash without significant change in value.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts.

INVENTORIES

Inventories consist of raw materials, work in progress, consumables and finished goods, and are valued at the lower of cost (determined on the weighted-average basis) and net realisable value, except for plants and compost, which are valued at the tariffs charged. Where they are held for distribution or consumption at no charge or for a nominal amount, inventories are valued at the lower of cost and current replacement value.

Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Redundant and slow-moving inventories are identified and written down to their estimated net realisable values, and are recognised as an expense in the period in which the write-down or loss occurs. Consumables are written down according to their age, condition and utility.

VALUE-ADDED TAX

The Entity is registered for value-added tax (VAT) on the payment basis.

GRANTS AND TRANSFERS

Grants and transfers received or receivable are recognised as assets when the resources that have been transferred to the Entity meet the definition and criteria for recognition of an asset.

A corresponding liability is recognised to the extent that the grant and transfer recognised as an asset, is subject to conditions which require that the Entity either consumes the future economic benefits or service potential of the asset as specified, or that in the event that the conditions are breached, the Entity returns such future economic benefits or service potential to the transferor. The liability is transferred to revenue when the conditions attached to the grants and transfers are met. Grants and transfers that are not subject to any conditions are recognised as revenue when the assets are initially recognised.

Interest earned on the investment of grants and transfers received is treated in accordance with the stipulations set out in the agreement for the receipt of the grant and transfer invested, or where management has decided that interest must be capitalised. Where interest applies, it is included in the opening and closing balances.

PROVISIONS

A provision is recognised when the Entity has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and the amount of the obligation can be reliably estimated.

When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the statement of financial performance as a finance cost.

ENVIRONMENTAL REHABILITATION PROVISIONS

Estimated long-term environmental provisions, comprising rehabilitation of environmental damage and landfill site closure costs, are based on the Entity's policy, taking into account current technological, environmental and regulatory requirements.

The provision for rehabilitation is recognised as and when the environmental liability arises in terms of legislation. Changes in the measurement of existing environmental liabilities resulting from changes in the estimated timing or amount of the outflow of resources required to settle the obligation, or a change in the discount rate, shall be added to, or deducted from, the cost of the related asset in the current period. The amount deducted from the cost of the asset shall not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess shall be recognised immediately in surplus or deficit. Any unwinding of discount is charged to the statement of financial performance as a finance cost.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

EMPLOYEE BENEFITS

Retirement benefit plans

The Entity provides retirement benefits for its employees and councillors. Retirement benefits consist of defined-contribution plans and defined-benefit plans.

Defined-contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year during which they become payable.

Defined-benefit plans are post-employment benefit plans other than defined-contribution plans. The defined-benefit funds are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities. The contributions and lump sum payments are charged against income in the year during which they become payable.

The Entity does not apply defined-benefit accounting to the defined-benefit plans that are classified as multi-employer plans, as sufficient information is not available to apply the principles involved. As a result, such plans are accounted for as defined-contribution plans.

Post-retirement pension funds

Pensions paid to employees who had not been members of any of the official pension funds, but who are entitled to a revenue pension, are recognised as an expense when incurred. Such pension payments are funded from a staff provident fund maintained for this purpose. Entitlement to these ex-gratia pension payments is subject to compliance with an acceptable pre-condition for non-membership of any of the pension funds associated with the Entity.

The Entity makes the fund contributions on a monthly basis, which are charged to the operating account when employees have rendered the service entitling them to the contributions. Actuarial valuation of the liability is performed on an annual basis. The projected unit credit method has been used to value the obligations.

The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation, together with adjustments for the actuarial gains and losses, and past service costs.

Any unwinding of discount is charged to the statement of financial performance as an employee-related cost. Actuarial gains or losses are fully accounted for in the statement of financial performance in the year that they occur.

Post-retirement medical aid: Continued members

The Entity provides post-retirement benefits by subsidising the medical aid contributions of certain retired staff. According to the rules of the medical aid funds with which the Entity is associated, a member on retirement is entitled to remain a continued member of such medical aid fund, and the Entity will continue to subsidise medical contributions in accordance with the provisions of the employee's employment contract and the Entity's decision on protected rights.

Post-retirement medical contributions paid by the Entity, depending on the employee's contract, could be 70% or a subsidy indicated on a sliding scale. In each case, the employee is responsible for the balance of post-retirement medical contributions. External appointments after 15 December 2000 do not qualify for a post-retirement medical aid subsidy. Only registered dependants on the medical aid fund as at date of separation will be allowed to continue as post-retirement medical aid dependants. In case of death of the principal the remaining dependants will continue to be subsidised subject to rules of the post-retirement medical aid scheme. Children will only be subsidised until the age of 21.

These contributions are charged to the operating account when employees have rendered the service entitling them to the contribution.

The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation, together with adjustments for the actuarial gains and losses, and past service costs.

Any unwinding of discount is charged to the statement of financial performance as an employee-related cost. Actuarial gains or losses are fully accounted for in the statement of financial performance in the year during which they occur. The projected unit credit method has been used to value the obligation.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Short-term and long-term employee benefits

The cost of all short-term employee benefits is recognised in the period during which the employee renders the related service. The Entity recognises the expected cost of performance bonuses only when the Entity has a present legal or constructive obligation to make such payment, and if a reliable estimate can be made.

The Entity provides long-service leave to eligible employees, payable on completion of years of employment. The Entity's liability is based on an actuarial valuation. Any unwinding of discount is charged to the statement of financial performance as an employee-related cost. Actuarial gains and losses on the long-term incentives are fully accounted for in the statement of financial performance. The projected unit credit method has been used to value the obligation.

REVENUE RECOGNITION

Revenue is recognised net of indirect taxes, rebates and trade discounts, and consists primarily of rates, grants from National Government and Western Cape Provincial Government ('Province'), service charges, rentals, interest received and other services rendered. Revenue is recognised when it is probable that future economic benefits or services potential will flow to the Entity, and when these benefits can be reliably measured. Revenue arising from the application of the approved tariff charges is recognised when the relevant service is rendered, by applying the relevant authorised tariff. This includes the issuing of licences and permits.

Revenue from exchange transactions

Exchange transactions are transactions in which the Entity receives assets or services, or has liabilities extinguished and directly gives approximately equal value to another entity in exchange.

Service charges relating to solid waste, sanitation and sewerage are levied in terms of the approved tariffs.

Service charges relating to electricity and water are based on consumption. Credit meters are read on a periodic basis, and revenue is recognised providing that the benefits can be measured reliably. Estimates of consumption are made every other month based on consumption history. Such estimated consumption is recognised as income when invoiced, and adjusted upon subsequent actual meter readings. An accrual on the basis of a determined consumption factor is made for consumption not measured as at the end of the financial year.

Electricity services provided on a prepayment basis are recognised at the point of sale. An adjustment for an unutilised portion is made at year-end, based on the average consumption history.

Income in respect of housing rental and instalment sale agreements is accrued monthly.

Interest earned on investments is recognised in the statement of financial performance on a time-proportionate basis, which takes into account the effective yield on the investment. Interest may be transferred from the accumulated surplus to the housing development fund or the insurance reserve.

Interest earned on the following investments is not recognised in the statement of financial performance:

- Interest earned on trust funds is allocated directly to the fund.
- Interest earned on unutilised conditional grants is allocated directly to the creditor 'Unutilised conditional grants' if the grant conditions indicate, or where management has determined, that interest is payable to the funder.

Dividends are recognised when the Entity's right to receive payment is established.

Income for agency services, whereby the Entity acts as an agent, is recognised on a monthly basis once the income collected on behalf of principals is earned. The income is recognised in terms of the agency agreement.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Entity has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The Entity retains neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.
- The amount of revenue can be reliably measured.
- The costs incurred or to be incurred in respect of the transaction can be reliably measured.
- Prepaid electricity sold is only recognised as income once the related units are consumed.

Revenue from non-exchange transactions

Non-exchange transactions are transactions where the Entity receives revenue from another entity without giving approximately equal value in exchange.

Revenue from rates is recognised when the legal entitlement to this revenue arises and ratepayers have been duly notified. Collection charges are recognised when such amounts are legally enforceable. Interest on unpaid rates is recognised on a time-proportionate basis with reference to the principal amount receivable and effective interest rate applicable.

A composite rating system, charging different rate tariffs, is used. Rebates are granted to certain categories of ratepayers, and are deducted from revenue.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when the fine is issued.

Donations are recognised on a cash receipt basis or, where the donation is in the form of property, plant and equipment, when the risks or rewards of ownership have transferred to the Entity. Donations are measured at fair value.

Income from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Local Government: Municipal Finance Management Act, Act 56 of 2003, and is recognised when recovered from the responsible party.

LEASES

The Entity as lessee

Operating leases are those where risks and rewards of ownership are not transferred to the lessee. Payments made under operating leases are charged to the statement of financial performance on a straight-line basis over the period of the lease.

The Entity as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the lease.

GRANTS-IN-AID

The Entity transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the Entity does not:

- receive any goods or services directly in return as would be expected in a purchase or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

These transfers are recognised in the statement of financial performance as expenses in the period in which the events giving rise to the transfer occurred.

FINANCIAL INSTRUMENTS

Financial instruments are recognised when the Entity becomes a party to the contractual provisions of the instrument, and are initially measured at fair value. In the case of a financial instrument not subsequently measured at fair value through the statement of financial performance, transaction costs that are directly attributable to the acquisition or issue of the instrument are added to, or deducted from, the fair value, as appropriate on initial recognition.

Non-derivative financial assets

The classification of financial assets depends on their nature and purpose, and is determined at the time of initial recognition.

- **Investments at fair value**

Non-derivative investments held without the positive intent or ability to hold to maturity. Subsequent to initial recognition, all changes to fair value are recognised through the statement of financial performance.

- **Investments at amortised cost**

Non-derivative investments with fixed or determinable payments and fixed maturity dates, which the Entity has the positive intent and ability to hold to maturity. Subsequent to initial recognition, such investments are measured at amortised cost using the effective interest method less any impairment.

- **Investments at cost**

Residual interests that do not have a quoted market price in an active market, and the fair value of which cannot be reliably measured. Subsequent to initial recognition, such investments are measured at cost less any impairment.

Financial assets other than those at fair value are assessed for indicators of impairment at the end of each reporting period. Impairment is considered when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Entity has transferred substantially all risks and rewards of ownership, or when the enterprise loses control of contractual rights that comprise the assets.

Non-derivative financial liabilities

After initial recognition, the Entity measures all financial liabilities, including payables, at amortised cost, using the effective interest rate method. Financial liabilities include borrowings, other non-current liabilities (excluding provisions) and payables (excluding provisions). Interest-bearing external loans and bank overdrafts are recorded net of direct issue costs. Finance charges, including premiums payable, are accounted for on an accrual basis.

Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled or when it expires.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Derivative financial instruments

The Entity holds derivative financial instruments to hedge its foreign-currency risk exposures. Derivatives are initially measured at fair value; any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

PAYABLES

Payables are initially measured at fair value plus transactional cost, and are subsequently measured at amortised cost, using the effective interest rate method.

RECEIVABLES

Receivables are recognised initially at fair value plus transactional costs, which approximates amortised cost, less provision for impairment. Bad debts are written off in the year during which they are identified as irrecoverable, subject to the approval by the appropriate delegated authority. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of receivables is established when there is objective evidence that the Entity will not be able to collect all amounts due according to the original terms of receivables.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Interest is charged on overdue amounts. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year-end.

UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted for; expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state, or expenditure in the form of a grant that is not permitted in terms of the Local Government: Municipal Finance Management Act, Act 56 of 2003.

Unauthorised expenditure is accounted for in the financial statements and, where recovered, is subsequently accounted for as revenue.

IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is in contravention of, or that is not in accordance with, a requirement of the Local Government: Municipal Finance Management Act, Act 56 of 2003, Local Government: Municipal Systems Act, Act 56 of 2003, Municipal Systems Act, Act 32 of 2000, Remuneration of Public Office Bearers Act, Act 20 of 1998 or the municipality's supply chain management (SCM) policy.

Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for in the financial statements and, where recovered, is subsequently accounted for as revenue.

FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain, and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for in the financial statements and, where recovered, is subsequently accounted for as revenue.

FOREIGN-CURRENCY TRANSACTIONS

Transactions in foreign currencies are initially accounted for at the ruling exchange rate on the date of the transaction. Trade creditors denominated in foreign currency are reported at the statement of financial position date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from reporting of creditors at rates different from those at which they were initially recorded during the period, are recognised as income or expenses in the period in which they arise.

BUDGET INFORMATION

The annual budget figures have been prepared in accordance with the GRAP standards on an accrual basis, and are consistent with the accounting policies adopted by Council for the preparation of these financial statements.

The approved budget covers the current fiscal year. The approved budget is the most recent adjustments budget approved by Council. The final budget is the most recently approved budget, adjusted for changes made to the budget in terms of legislation that may not be formally approved again by Council. Where entities are required to have the budget(s) approved again for any subsequent adjustments, the most recently approved budget becomes the final budget for purposes of disclosure.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

The amounts are presented as a separate additional financial statement, called the statement of comparison of budget and actual amounts. Explanatory comments to material differences are provided in the notes to the annual financial statements.

These figures are those approved by Council both before and during the year, following a period of consultation with the public as part of the Integrated Development Plan (IDP) process.

Comparative information is not required and has not been presented for the statement of comparison of budget and actual amounts.

OFFSETTING

Financial assets and liabilities are off-set and the net amount reported in the statement of financial position when there is a legally enforceable right to off-set the recognised amount, and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

BORROWING COSTS

Borrowing costs that are incurred by the Entity are expensed in the statement of financial performance in the period during which they are incurred, regardless of how the borrowings are applied.

SERVICES IN KIND

The Entity does not recognise services in kind as revenue or as an asset, but the nature and type of major classes of services in kind are disclosed in note 23.

COMPARATIVE INFORMATION

When the presentation or classification of items in the consolidated annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

RELATED PARTIES

The Entity regards a related party as a person or an entity with the ability to control the Entity either individually or jointly, or the ability to exercise significant influence over the Entity, or vice versa.

Management is regarded as a related party, and comprises the councillors, Executive Mayor, Executive Deputy Mayor, Mayoral Committee (Mayco) members, accounting officers and executive directors.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

Rand thousands

	Note	Economic entity 2018	Economic entity Restated [1] 2017	Municipality of Cape Town 2018	Municipality of Cape Town Restated [1] 2017
ASSETS					
Non-current assets		**49 799 552**	**46 775 348**	**49 601 006**	**46 389 329**
Property, plant and equipment	2	43 736 668	41 167 635	43 153 766	40 196 491
Heritage assets	3	8 891	8 904	8 891	8 904
Investment property	4	584 713	586 427	584 713	586 427
Intangible assets	5	716 040	678 871	716 009	678 871
Investments	6	4 590 943	4 288 961	5 111 773	4 877 663
Long-term receivables	7	25 854	40 973	25 854	40 973
Deferred taxation	33	136 443	3 577	-	-
Current assets		**15 673 229**	**12 587 638**	**15 332 895**	**12 250 660**
Inventory	8	473 318	325 734	471 727	324 536
Receivables	9	5 994 470	5 721 738	5 997 778	5 724 863
Other receivables	10	1 402 751	1 089 975	1 380 906	1 077 455
Investments	6	1 981 576	1 654 114	1 981 576	1 654 114
Taxation		-	3 002	-	-
Current portion of long-term receivables	7	14 290	14 201	14 290	14 201
Cash and cash equivalents	11	5 806 824	3 778 874	5 486 618	3 455 491
TOTAL ASSETS		**65 472 781**	**59 362 986**	**64 933 901**	**58 639 989**
LIABILITIES					
Non-current liabilities		**12 726 404**	**11 909 149**	**12 717 715**	**11 898 945**
Borrowings	12	6 501 227	5 799 820	6 492 538	5 789 616
Provisions	14	6 225 177	6 109 329	6 225 177	6 109 329
Current liabilities		**8 994 077**	**8 848 579**	**8 876 006**	**8 766 304**
Deposits	15	409 823	371 397	381 660	351 710
Provisions	16	1 019 878	969 252	1 015 155	964 292
Payables from exchange transactions	17	5 977 127	6 019 191	5 901 661	5 963 079
Unspent conditional grants and receipts	18	1 067 745	1 054 374	1 067 745	1 054 374
Value-added tax	19	132 982	93 366	132 982	93 366
Taxation		7 914	-	-	-
Current portion of borrowings	12	378 608	335 701	376 803	334 185
Bank overdraft	11	-	5 298	-	5 298
TOTAL LIABILITIES		**21 720 481**	**20 757 728**	**21 593 721**	**20 665 249**
NET ASSETS					
Total net assets		**43 752 300**	**38 605 258**	**43 340 180**	**37 974 740**
Housing development fund	20	359 289	331 568	359 289	331 568
Reserves		3 105 791	3 441 617	3 105 791	3 441 617
Accumulated surplus		39 969 266	34 424 294	39 875 100	34 201 555
Non-controlling interest		317 954	407 779	-	-
TOTAL NET ASSETS AND LIABILITIES		**65 472 781**	**59 362 986**	**64 933 901**	**58 639 989**

[1] *Comparative restated: see note 38 for more details.*

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2018

Rand thousands

		Economic entity		Municipality of Cape Town	
	Note	2018	Restated [1] 2017	2018	Restated [1] 2017
REVENUE					
Exchange revenue		**21 840 680**	**21 023 856**	**21 370 479**	**20 607 688**
Service charges	21	19 003 529	18 623 624	18 999 747	18 619 105
Rental of letting stock and facilities		635 196	456 829	513 805	358 497
Finance income	22	1 103 622	1 003 837	1 081 236	965 283
Licences and permits		46 788	47 741	46 788	47 741
Agency services		213 550	188 238	213 550	188 238
Other income	23	757 428	516 653	434 876	242 040
Gains on disposal of property, plant and equipment		80 567	186 934	80 477	186 784
Non-exchange revenue		**18 451 382**	**17 380 594**	**18 652 442**	**17 554 658**
Finance income	22	76 885	81 005	76 885	81 005
City improvement districts (CIDs)	23	-	-	198 921	169 260
Property rates	24	8 468 248	8 100 322	8 470 387	8 105 126
Fuel levy		2 417 635	2 197 740	2 417 635	2 197 740
Fines, penalties and forfeits		1 644 474	1 241 128	1 644 474	1 241 128
Government grants and subsidies	25	5 744 790	5 648 752	5 744 790	5 648 752
Public contributions	26	99 350	111 647	99 350	111 647
Total revenue		**40 292 062**	**38 404 450**	**40 022 921**	**38 162 346**
EXPENDITURE					
Employee-related costs	27	10 948 648	9 728 886	10 866 949	9 659 300
Remuneration of councillors and board members	41.2.1	155 579	138 951	154 923	138 373
Impairment costs	28	2 986 513	2 423 344	2 582 999	2 423 157
Collection costs		207 853	198 278	207 853	198 278
Depreciation and amortisation expenses [2]	2,3,4,5	2 606 357	2 236 620	2 566 995	2 209 274
Finance costs	29	782 905	732 912	781 928	731 823
Bulk purchases	30	8 127 378	8 438 102	8 127 378	8 438 102
Contracted services		4 492 982	4 300 046	4 322 605	4 171 123
Grants and subsidies paid		141 855	111 829	164 022	111 829
General expenses	31	4 807 830	4 701 576	4 876 219	4 764 561
Losses on disposal of property, plant and equipment		5 668	8 563	5 610	7 376
Total expenditure		**35 263 568**	**33 019 107**	**34 657 481**	**32 853 196**
Surplus from operations		**5 028 494**	**5 385 343**	**5 365 440**	**5 309 150**
Discontinued operation					
Deficit from discontinued operation	32	-	-	(27 479)	(52 451)
NET SURPLUS FROM CONTINUED OPERATIONS BEFORE TAXATION		**5 028 494**	**5 385 343**	**5 392 919**	**5 361 601**
Taxation	33	118 548	(14 178)	-	-
NET SURPLUS FROM CONTINUED OPERATIONS		**5 147 042**	**5 371 165**	**5 392 919**	**5 361 601**
Attributable to owners of the controlling entity		**5 236 867**	**5 358 665**		
Attributable to non-controlling interest		(89 825)	12 500		
SURPLUS FOR THE YEAR		**5 147 042**	**5 371 165**		

[1] *Comparative restated: See note 38 for more details.*

[2] *See Annexure B for more detail.*

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 30 JUNE 2018

Rand thousands

Economic entity

	Housing development fund	Capital replacement reserve	Insurance reserves	Accumulated surplus	Non-controlling interest R'000	Total
2016						
Balance as at 30 June 2016	340 096	2 119 182	545 157	30 025 858	359 416	33 389 709
Correction of error	-	-	-	(185 616)	-	(185 616)
Restated balance as at 30 June 2016 [1]	**340 096**	**2 119 182**	**545 157**	**29 840 242**	**359 416**	**33 204 093**
2017						
Restated surplus [1]	-	-	-	5 358 665	12 500	5 371 165
Surplus as previously reported	-	-	-	5 354 143	-	-
Correction of error	-	-	-	4 522	-	-
Share purchases by non-controlling interest holders	-	-	-	-	30 000	30 000
Transfer (from)/to for share purchases	-	-	-	(5 863)	5 863	-
Transfer to/(from)	9 522	1 586 966	16 139	(1 612 627)	-	-
Property, plant and equipment purchased	(18 050)	(825 827)	-	843 877	-	-
Balance as at 30 June 2017	**331 568**	**2 880 321**	**561 296**	**34 424 294**	**407 779**	**38 605 258**
2018						
Surplus for the year	-	-	-	5 236 867	(89 825)	5 147 042
Share purchases by non-controlling interest holders	-	-	-	-	-	-
Property, plant and equipment purchased	(7 354)	(1 137 649)	-	1 145 003	-	-
Balance as at 30 June 2018	**359 289**	**2 527 463**	**578 328**	**39 969 266**	**317 954**	**43 752 300**

[1] *Comparative restated: see note 38 for more details.*

Municipality of Cape Town

	Housing development fund	Capital replacement reserve	Insurance reserves	Accumulated surplus	Total
2016					
Balance as at 30 June 2016	340 096	2 119 182	545 157	29 846 771	32 851 206
Correction of error	-	-	-	(185 616)	(185 616)
Restated balance as at 30 June 2016 [1]	**340 096**	**2 119 182**	**545 157**	**29 661 155**	**32 665 590**
2017					
Restated surplus [1]	-	-	-	5 309 150	5 309 150
Surplus as previously reported	-	-	-	5 304 628	-
Correction of error	-	-	-	4 522	-
Transfer to/(from)	9 522	1 586 966	16 139	(1 612 627)	-
Property, plant and equipment purchased	(18 050)	(825 827)	-	843 877	-
Restated balance as at 30 June 2017 [1]	**331 568**	**2 880 321**	**561 296**	**34 201 555**	**37 974 740**
2018					
Surplus for the year	-	-	-	5 365 440	5 365 440
Transfer to/(from)	35 075	784 791	17 032	(836 898)	-
Property, plant and equipment purchased	(7 354)	(1 137 649)	-	1 145 003	-
Balance as at 30 June 2018	**359 289**	**2 527 463**	**578 328**	**39 875 100**	**43 340 180**

[1] *Comparative restated: see note 38 for more details.*

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2018

Rand thousands

	Note	Economic entity 2018	Economic entity Restated [1] 2017	Municipality of Cape Town 2018	Municipality of Cape Town Restated [1] 2017
CASH FLOW FROM OPERATING ACTIVITIES					
CONTINUED OPERATION					
Cash receipts from ratepayers, government and other		35 152 027	33 197 735	34 841 627	32 975 883
Cash paid to suppliers and employees		(28 102 469)	(26 891 290)	(27 925 499)	(26 655 885)
Cash generated from operations	34	7 049 558	6 306 445	6 916 128	6 319 998
Finance income		1 173 010	1 038 376	1 150 624	999 822
Finance costs		(690 647)	(667 252)	(689 670)	(666 163)
Taxation		(3 402)	(19 550)	-	-
Net cash from continued operations		**7 528 519**	**6 658 019**	**7 377 082**	**6 653 657**
DISCONTINUED OPERATION [1]					
Cash receipts from ratepayers, government and other				6 039	11 209
Cash paid to suppliers and employees				(33 518)	(63 660)
Net cash from discontinued operation	32			(27 479)	(52 451)
NET CASH FROM OPERATING ACTIVITIES		**7 528 519**	**6 658 019**	**7 349 603**	**6 601 206**
CASH FLOW FROM INVESTING ACTIVITIES					
Additions to property, plant and equipment and other		(5 710 806)	(6 274 301)	(5 588 905)	(5 904 620)
Proceeds on disposal of assets		98 669	198 967	98 239	198 742
Decrease in long-term receivables		15 030	13 614	15 030	13 614
Increase in investments		(629 444)	(247 412)	(561 572)	(410 412)
NET CASH FROM INVESTING ACTIVITIES		**(6 226 551)**	**(6 309 132)**	**(6 037 208)**	**(6 102 676)**
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from borrowings		1 000 473	-	1 000 000	-
Repayment of borrowings		(307 619)	(409 379)	(305 920)	(407 883)
Increase in deposits		38 426	144	29 950	27 077
Share purchases by minority interest holders		-	30 000	-	-
NET CASH FROM FINANCING ACTIVITIES		**731 280**	**(379 235)**	**724 030**	**(380 806)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	35	**2 033 248**	**(30 348)**	**2 036 425**	**117 724**
Cash and cash equivalents at the beginning of the year		3 773 576	3 803 924	3 450 193	3 332 469
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**5 806 824**	**3 773 576**	**5 486 618**	**3 450 193**

[1] *Comparative restated: see notes 32 and 38 for more details.*

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS – Economic Entity

FOR THE YEAR ENDED 30 JUNE 2018

Rand thousands

	Note	Approved budget [1]	Final budget [1]	Actual per annual financial statements classification	Classification differences [2]	Actual per budget classification	Variance: Final budget and actual amounts	Variance %
STATEMENT OF FINANCIAL POSITION	39.2.1							
Total non-current assets		51 564 191	51 564 191	49 799 552	-	49 799 552	1 764 639	3,42
Total current assets		14 765 478	14 765 478	15 673 229	-	15 673 229	(907 751)	(6,15)
Total assets		**66 329 669**	**66 329 669**	**65 472 781**	**-**	**65 472 781**	**856 888**	**1,29**
Total non-current liabilities		12 922 577	12 922 577	12 726 404	-	12 726 404	196 173	1,52
Total current liabilities	i	12 321 425	12 321 425	8 994 077	-	8 994 077	3 327 348	27,00
Total liabilities		**25 244 002**	**25 244 002**	**21 720 481**	**-**	**21 720 481**	**3 523 521**	**13,96**
Total net assets		41 085 667	41 085 667	43 752 300	-	43 752 300	(2 666 633)	(6,49)
Total net assets and liabilities		**66 329 669**	**66 329 669**	**65 472 781**	**-**	**65 472 781**	**856 888**	**1,29**
STATEMENT OF FINANCIAL PERFORMANCE	39.2.2							
Property rates		8 694 931	8 694 931	8 468 248	198 921	8 667 169	27 762	0,32
Service charges		17 157 812	17 157 812	19 003 528	(1 140 682)	17 862 846	(705 034)	(4,11)
Investment revenue		905 328	905 328	1 180 507	(280 137)	900 370	4 958	0,55
Transfers recognised - operational	i	4 609 752	4 609 752	4 011 324	2 439 321	6 450 645	(1 840 893)	(39,93)
Other own revenue	ii	5 594 641	5 594 641	5 795 640	(1 808 983)	3 986 657	1 607 984	28,74
Total revenue (excluding capital transfers and contributions)		**36 962 464**	**36 962 464**	**38 459 247**	**(591 560)**	**37 867 687**	**(905 223)**	**(2,45)**
Employee costs		11 609 302	11 597 993	10 948 649	(1 626)	10 947 023	650 970	5,61
Remuneration of councillors		156 515	156 515	155 579	-	155 579	936	0,60
Depreciation and asset impairment		3 228 403	3 228 403	3 009 870	11 566	3 021 436	206 967	6,41
Finance charges	iii	997 022	997 549	782 906	20	782 926	214 623	21,52
Materials and bulk purchases		9 925 053	9 956 640	8 127 378	1 218 124	9 345 502	611 138	6,14
Transfers and grants		414 450	447 560	164 022	244 015	408 037	39 523	8,83
Other expenditure		11 035 884	10 981 969	12 075 165	(2 085 345)	9 989 820	992 149	9,03
Total expenditure		**37 366 629**	**37 366 629**	**35 263 569**	**(613 246)**	**34 650 323**	**2 716 306**	**7,27**
Surplus		**(404 165)**	**(404 165)**	**3 195 678**	**21 686**	**3 217 364**	**(3 621 529)**	
Transfers recognised - capital	iv	2 092 130	2 092 130	1 733 466	(584)	1 732 882	359 248	17,17
Contributions recognised - capital and contributed assets	v	96 585	96 585	99 350	(21 102)	78 248	18 337	(18,99)
Surplus after capital transfers and contributions		**1 784 550**	**1 784 550**	**5 028 494**	**-**	**5 028 494**	**(3 243 944)**	**(181,78)**

[1] / [2] *See note 39 for more detail.*

CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS – Economic Entity

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

	Note	Approved budget [1]	Final budget [1]	Actual per annual financial statements classification	Recognition differences [3]	Actual per budget classification	Variance: Final budget and actual amounts	Variance %
CASH FLOW STATEMENT	39.2.3							
Net cash from operating	i	4 823 244	4 823 244	7 528 519	-	7 528 519	(2 705 275)	(56,09)
Net cash from investing		(6 867 551)	(6 867 551)	(6 226 551)	-	(6 226 551)	(641 000)	9,33
Net cash from financing	ii	3 597 199	3 597 199	731 280	-	731 280	2 865 919	79,67
Net increase in cash and cash equivalents		**1 552 892**	**1 552 892**	**2 033 248**	**-**	**2 033 248**	**(480 356)**	**(30,93)**
CAPITAL EXPENDITURE	39.3.1							
Area-Based Service Delivery		19 648	19 648	19 019	-	19 019	629	3,20
Assets and Facilities Management		431 322	431 322	411 808	-	411 808	19 514	4,52
City Manager	i	192	192	172	-	172	20	10,42
Corporate Services		362 758	362 758	354 037	-	354 037	8 721	2,40
Directorate of the Mayor	ii	18 921	18 921	17 057	-	17 057	1 864	9,85
Energy	iii	1 177 050	1 177 050	1 024 550	-	1 024 550	152 500	12,96
Finance		13 710	13 710	13 114	-	13 114	596	4,35
Informal Settlements, Water and Waste Services	iv	3 654 940	3 654 940	2 097 367	14 714	2 112 081	1 542 859	42,21
Safety and Security		160 128	160 128	158 094	(1 798)	156 296	3 832	2,39
Social Services	v	279 906	279 906	260 647	(3 433)	257 214	22 692	8,11
Transport and Urban Development Authority	vi	1 562 428	1 562 428	1 238 756	(485)	1 238 271	324 157	20,75
Subsidiaries	vii	183 470	183 470	121 901	-	121 901	61 569	33,56
Total		**7 864 473**	**7 864 473**	**5 716 522**	**8 998**	**5 725 520**	**2 138 953**	**27,20**

[1] / [3] See note 39 for more detail.

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS – Municipality of Cape Town

FOR THE YEAR ENDED 30 JUNE 2018

Rand thousands

	Note	Approved budget [1]	Final budget [1]	Actual per annual financial statements classification	Classification differences [2]	Actual per budget classification	Variance: Final budget and actual amounts	Variance %
STATEMENT OF FINANCIAL POSITION	39.2.1							
Total non-current assets		51 132 282	51 132 282	49 601 006	-	49 601 006	1 531 276	2,99
Total current assets		14 615 569	14 615 569	15 332 895	-	15 332 895	(717 326)	(4,91)
Total assets		**65 747 851**	**65 747 851**	**64 933 901**	**-**	**64 933 901**	**813 950**	**1,24**
Total non-current liabilities		12 922 577	12 922 577	12 717 715	-	12 717 715	204 862	1,59
Total current liabilities	i	12 223 285	12 223 285	8 876 006	-	8 876 006	3 347 279	27,38
Total liabilities		**25 145 862**	**25 145 862**	**21 593 721**	**-**	**21 593 721**	**3 552 141**	**14,13**
Total net assets		40 601 989	40 601 989	43 340 180	-	43 340 180	(2 738 191)	(6,74)
Total net assets and liabilities		**65 747 851**	**65 747 851**	**64 933 901**	**-**	**64 933 901**	**813 950**	**1,24**
FINANCIAL PERFORMANCE	39.2.2							
Property rates		8 694 931	8 694 931	8 470 387	198 921	8 669 308	25 623	0,29
Service charges		17 184 556	17 184 556	18 999 747	(1 140 682)	17 859 065	(674 509)	(3,93)
Investment revenue		893 657	893 657	1 158 121	(280 137)	877 984	15 673	1,75
Transfers recognised - operational	i	4 609 752	4 609 752	4 011 324	2 439 321	6 450 645	(1 840 893)	(39,93)
Other own revenue	ii	5 287 285	5 287 285	5 550 526	(1 808 983)	3 741 543	1 545 742	29,24
Total revenue (excluding capital transfers and contributions)		**36 670 181**	**36 670 181**	**38 190 105**	**(591 560)**	**37 598 545**	**(928 364)**	**(2,53)**
Employee costs		11 505 286	11 493 977	10 866 949	(1 626)	10 865 323	628 654	5,47
Remuneration of councillors		155 565	155 565	154 923	-	154 923	642	0,41
Depreciation and asset impairment		2 520 137	2 520 137	2 566 995	11 566	2 578 561	(58 424)	(2,32)
Finance charges	iii	993 544	994 071	781 928	20	781 948	212 123	21,34
Materials and bulk purchases		9 925 053	9 956 640	8 127 378	1 218 124	9 345 502	611 138	6,14
Transfers and grants		414 450	447 560	164 022	244 015	408 037	39 523	8,83
Other expenditure		10 898 706	10 844 791	11 995 286	(2 085 345)	9 909 941	934 850	8,62
Total expenditure		**36 412 741**	**36 412 741**	**34 657 481**	**(613 246)**	**34 044 235**	**2 368 506**	**6,50**
Surplus		**257 440**	**257 440**	**3 532 624**	**21 686**	**3 554 310**	**(3 296 870)**	
Transfers recognised - capital	iv	2 092 130	2 092 130	1 733 466	(584)	1 732 882	359 248	17,17
Contributions recognised - capital and contributed assets	v	96 585	96 585	99 350	(21 102)	78 248	18 337	18,99
Surplus after capital transfers and contributions		**2 446 155**	**2 446 155**	**5 365 440**	**-**	**5 365 440**	**(2 919 285)**	**(119,34)**

[1] / [2] *See note 39 for more detail.*

CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS – Municipality of Cape Town

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

	Note	Approved budget [1]	Final budget [1]	Actual per annual financial statements classification	Recognition differences [3]	Actual per budget classification	Variance: Final budget and actual amounts	Variance %
CASH FLOW STATEMENT	39.2.3							
Net cash from operating	i	4 773 262	4 773 262	7 349 603	-	7 349 603	(2 576 341)	(53,97)
Net cash from investing		(6 692 075)	(6 692 075)	(6 037 208)	-	(6 037 208)	(654 867)	9,79
Net cash from financing	ii	3 597 199	3 597 199	724 030	-	724 030	2 873 169	79,87
Net increase in cash and cash equivalents		**1 678 386**	**1 678 386**	**2 036 425**	**-**	**2 036 425**	**(358 039)**	**(21,33)**
CAPITAL EXPENDITURE	39.3.1							
Area-Based Service Delivery		19 648	19 648	19 019	-	19 019	629	3,20
Assets and Facilities Management		431 322	431 322	411 808	-	411 808	19 514	4,52
City Manager	i	192	192	172	-	172	20	10,42
Corporate Services		362 758	362 758	354 037	-	354 037	8 721	2,40
Directorate of the Mayor	ii	18 921	18 921	17 057	-	17 057	1 864	9,85
Energy	iii	1 177 050	1 177 050	1 024 550	-	1 024 550	152 500	12,96
Finance		13 710	13 710	13 114	-	13 114	596	4,35
Informal Settlements, Water and Waste Services	iv	3 654 940	3 654 940	2 097 367	14 714	2 112 081	1 542 859	42,21
Safety and Security		160 128	160 128	158 094	(1 798)	156 296	3 832	2,39
Social Services	v	279 906	279 906	260 647	(3 433)	257 214	22 692	8,11
Transport and Urban Development Authority	vi	1 562 428	1 562 428	1 238 756	(485)	1 238 271	324 157	20,75
Total		**7 681 003**	**7 681 003**	**5 594 621**	**8 998**	**5 603 619**	**2 077 384**	**27,05**

[1] / [3] See note 39 for more detail.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

Rand thousands

1. FINANCIAL RISK MANAGEMENT

Exposure to currency, interest rate, liquidity and credit risk arises in the normal course of the Entity's operations. This note presents information about the Entity's exposure to each of the above risks, policies and processes for measuring and managing risk, and the Entity's management of capital. Further quantitative disclosures are included throughout these financial statements.

Exposure to currency, interest rate, liquidity and credit risk arises in the normal course of the Entity's operations. This note presents information about the Entity's exposure to each of the above risks, policies and processes for measuring and managing risk, and the Entity's management of capital. Further quantitative disclosures are included throughout these financial statements.

The accounting policy for financial instruments was applied to the following statement of financial position items:

	Amortised costs	Fair value	Total carrying amount	Fair value
2018				
Financial assets				
Investments	2 411 026	4 166 812	6 577 838	6 599 770
Long-term receivables	40 144	-	40 144	40 144
Receivables	5 994 470	-	5 994 470	5 994 470
Other receivables	1 353 767	-	1 353 767	1 353 767
Cash and cash equivalents	4 855 819	945 686	5 801 505	5 801 505
TOTAL	**14 655 226**	**5 112 498**	**19 767 724**	**19 789 656**
Derivative financial assets				
Forward exchange contracts	**11**	**-**	**11**	**11**
2017				
Financial assets				
Investments	2 136 131	3 812 263	5 948 394	5 963 787
Long-term receivables	55 174	-	55 174	55 174
Receivables	5 721 738	-	5 721 738	5 721 738
Other receivables	999 832	-	999 832	999 832
Cash and cash equivalents	2 869 606	898 651	3 768 257	3 768 257
TOTAL	**11 782 481**	**4 710 914**	**16 493 395**	**16 508 788**
Derivative financial assets				
Forward exchange contracts	**190**	**-**	**190**	**190**

	Amortised cost	Total carrying amount	Fair value
2018			
Non-derivative financial liabilities			
Borrowings	6 879 835	6 879 835	6 044 235
Payables	4 867 062	4 867 062	4 867 062
TOTAL	**11 746 897**	**11 746 897**	**10 911 297**
2017			
Non-derivative financial liabilities			
Borrowings	6 135 521	6 135 521	6 832 113
Payables	4 654 836	4 654 836	4 654 836
TOTAL	**10 790 357**	**10 790 357**	**11 486 949**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

1. FINANCIAL RISK MANAGEMENT (continued)

1.1 Fair values

The table below analyses financial instruments carried at fair value at the end of the reporting period, by level of fair-value hierarchy. The different levels are based on the extent to which quoted prices are used in the calculation of the fair value of the financial instruments, and have been defined as follows:

Level 1: Fair values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2: Fair values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Fair values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data, and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments, where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

	Level 1	Level 2	Level 3	Total
2018				
Financial assets				
Investments	1 097 090	3 069 722	-	4 166 812
Cash and cash equivalents	-	945 686	-	945 686
TOTAL	**1 097 090**	**4 015 408**	**-**	**5 112 498**
Derivative financial assets				
Forward exchange contracts	**11**	**-**	**-**	**11**
2017				
Financial assets				
Investments	2 059 987	1 752 276	-	3 812 263
Cash and cash equivalents	-	898 651	-	898 651
TOTAL	**2 059 987**	**2 650 927**	**-**	**4 710 914**
Derivative financial assets				
Forward exchange contracts	**190**	**-**	**-**	**190**

1.2 Liquidity risk

Liquidity risk is the risk of the Entity not being able to meet its obligations as they fall due. The Entity's approach to managing liquidity risk is to ensure that sufficient cash is available to meet its expected operating expenses and liabilities when due, without incurring unacceptable losses or risking damage to the Entity's reputation. This is achieved by using cash flow forecasts.

The following are contractual liabilities of which interest is included in borrowings:

	Up to 1 year	1-5 years	>5 years	Total
2018				
Non-derivative financial liabilities	**6 004 105**	**4 678 195**	**5 290 545**	**15 972 845**
Borrowings	1 137 043	4 678 195	5 290 545	11 105 783
Capital repayments	417 901	2 057 520	4 404 414	6 879 835
Interest	719 142	2 620 675	886 131	4 225 948
Payables	4 867 062	-	-	4 867 062
Trade payables	4 850 592	-	-	4 850 592
Sundry creditors	16 470	-	-	16 470
	6 004 105	**4 678 195**	**5 290 545**	**15 972 845**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

1. FINANCIAL RISK MANAGEMENT (continued)

1.3 Credit risk

Credit risk is the risk of financial loss to the Entity if customers or counterparties to financial instruments fail to meet their contractual obligations, and arises principally from the Entity's investments, receivables, and cash and cash equivalents.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at 30 June was as follows:

	Economic entity		Municipality of Cape Town	
	2018	2017	2018	2017
Investments	6 577 838	5 948 394	6 577 819	5 948 330
Long-term receivables – see note 7	40 144	55 174	40 144	55 174
Receivables and other receivables	7 348 237	6 721 570	7 333 277	6 713 897
Cash and cash equivalents	5 801 505	3 768 257	5 481 299	3 444 874
TOTAL	**19 767 724**	**16 493 395**	**19 432 539**	**16 162 275**

Investments, and cash and cash equivalents

The Entity limits its exposure to credit risk by investing with only reputable financial institutions that have a sound credit rating, and within specific guidelines set in accordance with Council's approved investment policy. Consequently, the Entity does not consider there to be any significant exposure to credit risk.

Long-term receivables

Loans were granted and are managed in accordance with policies and regulations as set out in note 7. The associated interest rates and repayments are clearly defined and, where appropriate, the Entity obtains certain suitable forms of security when granting loans. Allowances for impairment are made in certain instances. No further loans have been awarded.

Receivables

Receivables are amounts owing by consumers, and are presented net of impairment losses. The Entity has a credit risk policy in place, and the exposure to credit risk is monitored on an ongoing basis. The Entity is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services, without recourse to an assessment of creditworthiness. There were no material changes in its objectives, policies and processes for managing and measuring the risk during the year under review. The Entity's strategy for managing its risk includes encouraging residents to install water demand management devices that control water flow to households, as well as prepaid electricity meters. In certain instances, a deposit is required for new service connections, serving as a guarantee.

The Entity's maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial position. The Entity has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographic area. The Entity establishes an allowance for impairment that represents its estimate of anticipated losses in respect of receivables. The outstanding amounts of the ten largest debtors represent 1,34% (2017: 0,89%) of the total outstanding balance. The average credit period on services rendered is 30 days from date of invoice. Interest is raised at prime plus 1% on any unpaid accounts after the due date. The Entity has provided fully for all receivables outstanding over 365 days. Receivables up to 365 days are provided for based on estimated irrecoverable amounts, determined by reference to past default experience. Additional information relating to the analysis of receivables is given in note 9 and 10.

Payments of accounts of consumer debtors who are unable to pay are renegotiated as an ongoing customer relationship in response to an adverse change in the circumstances of the customer. Traffic fines can be contested in writing and can lead to a renegotiated fine.

1.4 Capital management

The primary objective of managing the Entity's capital is to ensure that there is sufficient cash available to support the Entity's funding requirements, including capital expenditure, to ensure that the Entity remains financially sound. This is done through the use of the following key ratios:

- **Cost coverage ratio** which is used to calculate the Entity's ability to meet its monthly operating commitments from cash and short-term investment without collecting any additional revenue, during that month.
- **Net debt to income** to determine the affordability of total borrowings to be funded from operating revenue.

1.5 Price risk

The Entity is exposed to price risk because of investments held by the Entity and classified as financial instruments carried at fair value. The Entity is not exposed to commodity price risk. To manage its price risk arising from investments, the Entity diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Entity. The exposure to price risk is not material to the Entity and, consequently, is not elaborated on any further.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

1. FINANCIAL RISK MANAGEMENT (continued)

1.6 Market risk

Market risk is the risk that changes in market prices such as interest rates and foreign-exchange rates affecting the Entity's income or the value of its financial instrument holdings. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on the risk.

1.6.1 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Entity's exposure to the risk of changes in market rates relates primarily to the Entity's investments with floating interest rates.

The effective rates on financial instruments as at 30 June 2018 were as follows:

		Maturity of interest-bearing assets/liabilities			
	Weighted average interest rate %	1 year or less	1-5 years	>5 years	Total
Financial assets					
Investments	8,25	2 863 869	2 881 836	1 714 406	7 460 111
Cash and cash equivalents	6,92	4 855 819	-	-	4 855 819
TOTAL		**7 719 688**	**2 881 836**	**1 714 406**	**12 315 930**
Financial liabilities					
Borrowings	10,06	**417 901**	**2 057 520**	**4 404 414**	**6 879 835**

Sensitivity analysis

Financial assets

As at 30 June 2018, if the weighted average interest rate at that date had been 100 basis points higher, with all other variables held constant, the fair-value impact on the statement of financial performance would have been R100,14 million, with the opposite effect if the interest rate had been 100 basis points lower.

The sensitivity analysis is performed by dividing the total investment interest earned for the year by the average interest rate earned to give the effect of a one percent movement in interest rates.

Financial liabilities

Changes in the interest rate as at 30 June 2018 would have no impact on the statement of financial performance, as all borrowings are at a fixed interest rate.

1.6.2 Currency risk

The Entity is exposed to foreign-currency risk through the importation of goods and services, either directly or indirectly, through the award of contracts to local importers. The Entity manages any material direct exposure to foreign-currency risk by entering into forward exchange contracts. The Entity manages its indirect exposure by requiring the local importer to take out a forward exchange contract at the time of procurement, in order to predetermine the rand value of the contracted goods or services.

Sensitivity analysis

As at 30 June 2018, if the foreign-exchange rate at that date had been 5% higher, with all other variables held constant, the surplus for the year would have increased with R63 424,94 due to the changes in the carrying value of the foreign exchange asset at the reporting date, with the opposite effect if the foreign exchange rate had been 5% lower.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

2. PROPERTY, PLANT AND EQUIPMENT

Economic entity						
	As at 30 June 2018			As at 30 June 2017		
	Cost price	Accumulated Depreciation	Carrying value	Cost price	Accumulated Depreciation	Carrying value
Land and buildings	5 295 131	(1 870 692)	3 424 439	4 001 617	(1 321 257)	2 680 360
Infrastructure	39 017 783	(12 001 275)	27 016 508	35 797 548	(10 765 397)	25 032 151
Community	9 224 175	(2 952 476)	6 271 699	8 546 706	(2 677 723)	5 868 983
Other	9 400 823	(5 305 930)	4 094 893	9 472 826	(4 974 278)	4 498 548
Service concession	1 411 417	(576 910)	834 507	1 410 668	(455 127)	955 541
Housing rental stock	3 115 668	(1 021 046)	2 094 622	3 073 753	(941 701)	2 132 052
TOTAL	**67 464 997**	**(23 728 329)**	**43 736 668**	**62 303 119**	**(21 135 484)**	**41 167 635**

Reconciliation of property, plant and equipment

	Opening balance	Transfers/ adjustments	Additions	Disposals	Depreciation	Impairment	Carrying value
As at 30 June 2018							
Land and buildings	3 476 850	235 171	245 848	(361)	(62 122)	(470 947)	3 424 439
Infrastructure	25 032 151	(505 094)	3 725 408	-	(1 231 734)	(4 223)	27 016 508
Community	5 868 983	308 678	368 892	(15)	(274 143)	(696)	6 271 699
Other	3 702 058	(103 634)	1 185 003	(19 949)	(667 507)	(1 078)	4 094 893
Service concession	955 541	481	268	-	(116 809)	(4 974)	834 507
Housing rental stock	2 132 052	-	63 172	(3 445)	(97 157)	-	2 094 622
TOTAL	**41 167 635**	**(64 398)**	**5 588 591**	**(23 770)**	**(2 449 472)**	**(481 918)**	**43 736 668**

(See annexure B for more details.)

As at 30 June 2017							
Land and buildings	2 750 956	122 333	702 668	(7 060)	6 448	(98 495)	3 476 850
Infrastructure	21 871 773	90 053	4 176 053	(539)	(1 105 189)	-	25 032 151
Community	5 760 971	54 105	316 871	-	(262 964)	-	5 868 983
Other	3 885 870	(578 805)	953 161	(8 245)	(548 743)	(1 180)	3 702 058
Service concession	1 073 461	(1 085)	-	-	(116 835)	-	955 541
Housing rental stock	1 993 968	169 490	62 596	(4 700)	(89 302)	-	2 132 052
TOTAL	**37 336 999**	**(143 909)**	**6 211 349**	**(20 544)**	**(2 116 585)**	**(99 675)**	**41 167 635**

The 2017 comparative amount has been restated - see note 38.

Municipality of Cape Town						
	As at 30 June 2018			As at 30 June 2017		
	Cost price	Accumulated Depreciation	Carrying value	Cost price	Accumulated Depreciation	Carrying value
Land and buildings	3 828 532	(924 880)	2 903 652	3 423 825	(878 570)	2 545 255
Infrastructure	39 017 783	(12 001 275)	27 016 508	35 797 548	(10 765 397)	25 032 151
Community	9 224 175	(2 952 476)	6 271 699	8 546 706	(2 677 723)	5 868 983
Other	9 267 974	(5 235 196)	4 032 778	8 568 335	(4 905 826)	3 662 509
Service concession	1 411 417	(576 910)	834 507	1 410 668	(455 127)	955 541
Housing rental stock	3 115 668	(1 021 046)	2 094 622	3 073 753	(941 701)	2 132 052
TOTAL	**65 865 549**	**(22 711 783)**	**43 153 766**	**60 820 835**	**(20 624 344)**	**40 196 491**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

2. PROPERTY, PLANT AND EQUIPMENT (continued)

Municipality of Cape Town - continued

Reconciliation of property, plant and equipment

	Opening balance	Transfers/ adjustments	Additions	Disposals	Depreciation	Impairment	Carrying value
As at 30 June 2018							
Land and buildings	2 545 255	235 171	169 485	(361)	(45 303)	(595)	2 903 652
Infrastructure	25 032 151	(505 094)	3 725 408	-	(1 231 734)	(4 223)	27 016 508
Community	5 868 983	308 678	368 892	(15)	(274 143)	(696)	6 271 699
Other	3 662 509	(103 634)	1 139 502	(19 551)	(644 970)	(1 078)	4 032 778
Service concession	955 541	481	268	-	(116 809)	(4 974)	834 507
Housing rental stock	2 132 052	-	63 172	(3 445)	(97 157)	-	2 094 622
TOTAL	**40 196 491**	**(64 398)**	**5 466 727**	**(23 372)**	**(2 410 116)**	**(11 566)**	**43 153 766**
As at 30 June 2017							
Land and buildings	2 154 183	122 598	350 711	(6 651)	22 909	(98 495)	2 545 255
Infrastructure	21 871 773	90 053	4 176 053	(539)	(1 105 189)	-	25 032 151
Community	5 760 971	54 105	316 871	-	(262 964)	-	5 868 983
Other	3 852 572	(579 070)	935 437	(7 392)	(537 858)	(1 180)	3 662 509
Service concession	1 073 461	(1 085)	-	-	(116 835)	-	955 541
Housing rental stock	1 993 968	169 490	62 596	(4 700)	(89 302)	-	2 132 052
TOTAL	**36 706 928**	**(143 909)**	**5 841 668**	**(19 282)**	**(2 089 239)**	**(99 675)**	**40 196 491**

	Economic entity		Municipality of Cape Town	
Assets under construction – Carrying value	**2018**	**2017**	**2018**	**2017**
Land and buildings	393 421	796 490	-	-
Infrastructure	2 600 717	3 441 462	2 600 717	3 441 462
Community	217 903	123 887	217 903	123 887
Other	368 406	375 499	368 406	375 499

PPE consisting of projects significantly delayed, amounting to R254,87 million (2017: R186,97 million) is included in the Asset under construction (infrastructure and community) carrying values. The significant delays are mainly due to delays in the roll-out of certain sections of the IRT network R150,55 million (2017: R104,18 million) and contractor problems in the completion of a new Outage management system R46,22 million.

Included in the Asset under construction (community) carrying value is a halted project amounting to R27,70 million (2017: R19,20 million - infrastructure). This housing project has been placed on hold due to low continued community protests

	Economic entity		Municipality of Cape Town	
Capital commitments	**2018**	**2017**	**2018**	**2017**
Approved and contracted for capital expenditure				
Infrastructure	1 651 658	2 485 029	1 651 658	2 485 029
Community	63 446	96 163	63 446	96 163
Other	325 253	324 531	312 963	211 731
TOTAL	**2 040 357**	**2 905 723**	**2 028 067**	**2 792 923**

Capital commitments represent future capital expenditure exclusive of VAT. The City has the obligation to spend these amounts due to signed contracts with suppliers.

Repairs and maintenance
The Entity's amount is R14,02 billion (2017: R11,04 billion) for the reporting financial year. In determining the repairs and maintenance amount the Entity has exclusively disclosed amounts charged by the service providers.

Residual value
During the current financial year, the Entity reviewed the estimated useful lives and residual values of property, plant and equipment, where appropriate (see note 38).

Service concession assets
The City of Cape Town has entered into service concession arrangements with three operators on the MyCiti IRT system. Included are IRT buses and related depots. The City does however retain full control over the nature, timing and extent of the services that the operators have to perform.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

2. PROPERTY, PLANT AND EQUIPMENT (continued)

Impairment of non-cash generating assets – City and CIDs
The recoverable amount of impaired assets is R53,79 million (2017: 65,82 million). Impairment losses arise mainly from damage to movable and immovable assets due to accidents and protest actions.

Impairment of cash-generating assets – CTICC
Consideration, methods and significant assumptions applied in arriving at the value in use:

(a) Due to the restrictions imposed on the use of the facility and site, no active market exists within which the value of the Convention Centre can be determined through an arm's length transaction between a willing buyer and a willing seller and, as such, the value-in-use of the centre has been used to determine whether the building's carrying value may not be recoverable.

(b) The value-in-use of the Convention Centre can only be attributed to the present value of the future cash flows generated within the centre itself, and excludes any value it generates for other entities or business sectors.

(c) No value could be attached to the Convention Centre at the end of its useful life due to its disposal being highly unlikely, with no reliable basis for measuring the disposal value.

(d) The two buildings of the business are considered a single cash generating unit and are evaluated accordingly when testing for impairment.

(e) The Value in use was estimated using a discounted cash flow model which incorporated approved budget figures for a 3 year projection period. Cash flows were forecast for an additional 4 years assuming inflationary revenue growth of 6% for CTICC 1, and 9.7% revenue growth for CTICC 2 until it reaches a steady state of growth after 7 years, in line with inflation.

(f) A weighted average cost of capital (WACC) discount rate of 14.04% (2017: 14.2%) was used, which was calculated using the risk-free rate of the R186 bond of 8.84% adjusted by 5.2 % to take into account the company's long-term borrowing cost of 9.55% as well as a market risk premium for uncertainty regarding timing and extent of future cash flows.

Based on the calculation of value-in-use, the fair value of R491 million (2017: R134 million) was determined. The current carrying value of R961 million (2017: R123 million) was established for the building at date of calculation. This has resulted in the recognition of an impairment loss of R470 million (2017: Rnil impairment).

3. HERITAGE ASSETS

	Economic entity					
	As at 30 June 2018			As at 30 June 2017		
	Cost price	Accumulated Depreciation	Carrying value	Cost price	Accumulated Depreciation	Carrying value
Paintings and museum items	**8 891**	**-**	**8 891**	**8 904**	**-**	**8 904**

Reconciliation of heritage assets

	Opening balance	Transfers/ adjustments	Additions	Disposals	Carrying value
As at 30 June 2018					
Paintings and museum items	**8 904**	**(13)**	**-**	**-**	**8 891**
(See annexure B for more details)					
As at 30 June 2017					
Paintings and museum items	**9 049**	**(144)**	**-**	**(1)**	**8 904**

Heritage assets are held at cost, as it is impractical to determine their fair value.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

3. HERITAGE ASSETS (continued)

Municipality of Cape Town						
	As at 30 June 2018			As at 30 June 2017		
	Cost price	Accumulated Depreciation	Carrying value	Cost price	Accumulated Depreciation	Carrying value
Paintings and museum items	8 891	-	8 891	8 904	-	8 904

Reconciliation of heritage assets

	Opening balance	Transfers/ adjustments	Additions	Disposals	Carrying value
As at 30 June 2018					
Paintings and museum items	8 904	(13)	-	-	8 891
As at 30 June 2017					
Paintings and museum items	9 049	(144)	-	(1)	8 904

4. INVESTMENT PROPERTY

Economic entity						
	As at 30 June 2018			As at 30 June 2017		
	Cost price	Accumulated Depreciation	Carrying value	Cost price	Accumulated Depreciation	Carrying value
Land and buildings	642 681	(57 968)	584 713	642 681	(56 254)	586 427

Reconciliation of investment property

	Opening balance	Transfers/ adjustments	Additions	Depreciation	Disposals	Carrying value
As at 30 June 2018						
Land and buildings	586 427	-	-	(1 714)	-	584 713
(See annexure B for more details)						
As at 30 June 2017						
Land and buildings	588 191	-	-	(1 713)	(51)	586 427

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

4. INVESTMENT PROPERTY (continued)

Municipality of Cape Town						
	As at 30 June 2018			As at 30 June 2017		
	Cost price	Accumulated Depreciation	Carrying value	Cost price	Accumulated Depreciation	Carrying value
Land and buildings	**642 681**	**(57 968)**	**584 713**	**642 681**	**(56 254)**	**586 427**

Reconciliation of investment property

	Opening balance	Transfers/ adjustments	Additions	Depreciation	Disposals	Carrying value
As at 30 June 2018						
Land and buildings	**586 427**	**-**	**-**	**(1 714)**	**-**	**584 713**
As at 30 June 2017						
Land and buildings	**588 191**	**-**	**-**	**(1 713)**	**(51)**	**586 427**

5. INTANGIBLE ASSETS

Economic entity						
	As at 30 June 2018			As at 30 June 2017		
	Cost price	Accumulated Depreciation	Carrying value	Cost price	Accumulated Depreciation	Carrying value
Acquisition of rights	561 441	(284 457)	276 984	561 441	(214 392)	347 049
Computer software	1 003 979	(564 924)	439 055	811 639	(479 817)	331 822
TOTAL	**1 565 420**	**(849 380)**	**716 040**	**1 373 080**	**(694 209)**	**678 871**

Reconciliation of intangible assets

	Opening balance	Transfers/ adjustments	Additions	Amortisation	Carrying value
As at 30 June 2018					
Acquisition of rights	347 049	116	-	(70 180)	276 985
Computer software	331 822	64 293	127 931	(84 991)	439 055
TOTAL	**678 871**	**64 409**	**127 931**	**(155 171)**	**716 040**

(See annexure B for more details)

As at 30 June 2017					
Acquisition of rights	430 754	(13 780)	-	(69 925)	347 049
Computer software	198 408	102 343	79 468	(48 397)	331 822
TOTAL	**629 162**	**88 563**	**79 468**	**(118 322)**	**678 871**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

5. INTANGIBLE ASSETS (continued)

Municipality of Cape Town						
	As at 30 June 2018			As at 30 June 2017		
	Cost price	Accumulated Depreciation	Carrying value	Cost price	Accumulated Depreciation	Carrying value
Acquisition of rights	561 441	(284 457)	276 984	561 441	(214 392)	347 049
Computer software	1 003 942	(564 917)	439 025	811 639	(479 817)	331 822
TOTAL	**1 565 383**	**(849 374)**	**716 009**	**1 373 080**	**(694 209)**	**678 871**

Reconciliation of intangible assets

	Opening balance	Transfers/ adjustments	Additions	Amortisation	Carrying value
As at 30 June 2018					
Acquisition of rights	347 049	116	-	(70 180)	276 985
Computer software	331 822	64 293	127 894	(84 985)	439 024
TOTAL	**678 871**	**64 409**	**127 894**	**(155 165)**	**716 009**
As at 30 June 2017					
Acquisition of rights	430 754	(13 780)	-	(69 925)	347 049
Computer software	198 408	102 343	79 468	(48 397)	331 822
TOTAL	**629 162**	**88 563**	**79 468**	**(118 322)**	**678 871**

6. INVESTMENTS

Economic entity				
	Amortised cost	Fair value	Cost	Total
As at 30 June 2018				
RSA Government stock	82 838	-	-	82 838
Guaranteed investment instruments – see note 12	2 264 754	-	-	2 264 754
Other fixed deposits	4 573 223	-	-	4 573 223
Other financial instruments	-	19	-	19
Deposits held with fund managers	-	5 112 479	-	5 112 479
	6 920 815	5 112 498	-	12 033 313
Provision for impairment	(5 319)	-	-	(5 319)
Net investments	6 915 496	5 112 498	-	12 027 994
Transferred to current investments	(63 412)	(1 918 164)	-	(1 981 576)
Transferred to cash and cash equivalents – see note 11	(4 509 789)	(945 686)	-	(5 455 475)
TOTAL	**2 342 295**	**2 248 648**	**-**	**4 590 943**
As at 30 June 2017				
RSA Government stock	84 240	-	-	84 240
Guaranteed investment instruments – see note 12	2 051 869	-	-	2 051 869
Other fixed deposits	2 288 712	-	-	2 288 712
Other financial instruments	-	64	-	64
Deposits held with fund managers	-	4 710 850	-	4 710 850
	4 424 821	4 710 914	-	9 135 735
Provision for impairment	(5 319)	-	-	(5 319)
Net investments	4 419 502	4 710 914	-	9 130 416
Transferred to current investments	-	(1 654 114)	-	(1 654 114)
Transferred to cash and cash equivalents – see note 11	(2 288 690)	(903 949)	-	(3 192 639)
Transferred to bank overdraft – see note 11	-	5 298	-	5 298
TOTAL	**2 130 812**	**2 158 149**	**-**	**4 288 961**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

6. INVESTMENTS (continued)

Municipality of Cape Town				
	Amortised cost	Fair value	Cost	Total
As at 30 June 2018				
RSA Government stock	82 838	-	-	82 838
Guaranteed investment instruments – see note 12	2 264 754	-	-	2 264 754
Other fixed deposits	4 354 545	-	-	4 354 545
Deposits held with fund managers	-	5 112 479	-	5 112 479
Shares in CTICC	-	-	833 998	833 998
	6 702 137	5 112 479	833 998	12 648 614
Provision for impairment	(5 319)	-	(313 149)	(318 468)
Net investments	6 696 818	5 112 479	520 849	12 330 146
Transferred to current investments	(63 412)	(1 918 164)	-	(1 981 576)
Transferred to cash and cash equivalents – see note 11	(4 291 111)	(945 686)	-	(5 236 797)
TOTAL	**2 342 295**	**2 248 629**	**520 849**	**5 111 773**

	Amortised cost	Fair value	Cost	Total
As at 30 June 2017				
RSA Government stock	84 240	-	-	84 240
Guaranteed investment instruments – see note 12	2 051 869	-	-	2 051 869
Other fixed deposits	2 050 825	-	-	2 050 825
Deposits held with fund managers	-	4 710 850	-	4 710 850
Shares in CTICC	-	-	833 998	833 998
	4 186 934	4 710 850	833 998	9 731 782
Provision for impairment	(5 319)	-	(245 232)	(250 551)
Net investments	4 181 615	4 710 850	588 766	9 481 231
Transferred to current investments	-	(1 654 114)	-	(1 654 114)
Transferred to cash and cash equivalents – see note 11	(2 050 803)	(903 949)	-	(2 954 752)
Transferred to bank overdraft – see note 11	-	5 298	-	5 298
TOTAL	**2 130 812**	**2 158 085**	**588 766**	**4 877 663**

Collateral deposits for staff housing loans

Included in other fixed deposits are fixed deposits with a carrying value of R0,04 million (2017: R0,04 million), which were pledged as security deposits for securing staff home loans with financial institutions.

These pledges are repaid as soon as the employees' outstanding home loan balance is below 80% of the approved loan amount. The Entity has not issued fixed deposits as security since 2000 however, interest earned on certain deposits are still being capitalised. The Entity's exposure to risk is minimised by an insurance policy taken out by the employee and ceded to the Entity to cover the guaranteed deposit.

Compensation for occupational injuries and diseases (COID investments)

The RSA Government stock (bonds) was purchased at the request of the Department of Labour in terms of the COID Act, Act 130 of 1993. The Compensation Commissioner is required to hold the physical scrip as security for the City's liabilities under the Act.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

7. LONG-TERM RECEIVABLES

	Economic entity		Municipality of Cape Town	
	2018	2017	2018	2017
	906	2 526	906	2 526
Other	4 498	5 630	4 498	5 630
Provision for impairment	(3 592)	(3 104)	(3 592)	(3 104)
	39 238	52 648	39 238	52 648
Housing selling developments	47 648	62 602	47 648	62 602
Provision for impairment	(8 410)	(9 954)	(8 410)	(9 954)
	40 144	55 174	40 144	55 174
Transferred to current receivables	(14 290)	(14 201)	(14 290)	(14 201)
TOTAL	**25 854**	**40 973**	**25 854**	**40 973**
Reconciliation of impairment provision				
Balance at beginning of the year	13 058	20 175	13 058	20 175
Contribution from provisions	(1 056)	(7 117)	(1 056)	(7 117)
Balance as at 30 June	**12 002**	**13 058**	**12 002**	**13 058**

7.1 Other

Sporting bodies

To facilitate the development of sporting facilities, loans were historically made to provide the necessary financial assistance. These loans attract interest at a rate of 3,63% to 12% per annum, and are repayable over a maximum period of 20-40 years.

Housing land sale

The long-term loan to the Khayelitsha Community Trust (KCT) (sale of portion 1 to 3, erf 58856) is repayable over 18 years. Annual payments are received, with the final payment due in 2024.

Public organisations

Loans to public organisations were granted in terms of the National Housing Policy. At present, these loans attract interest at 1%, and are repayable over 30 years. With the implementation of new legislation (the MFMA and the Housing Act), no further loans have been awarded, and the remaining loans will be discounted in 2018/19. Examples of public organisations that were granted loans are the Salvation Army and the Alta du Toit School.

7.2 Housing selling development loans

Housing loans were historically granted to qualifying individuals in terms of the National Housing Policy. These loans currently attract interest at 10% (2017: 10,50%) per annum, and are repayable over 20 years. The interest rate is determined by Council policy.

8. INVENTORY

	Economic entity		Municipality of Cape Town	
	2018	2017	2018	2017
Consumable stock	357 270	248 505	355 679	247 307
Water	42 049	21 849	42 049	21 849
Other goods held for use/resale	73 999	55 380	73 999	55 380
TOTAL	**473 318**	**325 734**	**471 727**	**324 536**

Inventory to the value of R0,33 million (2017: R0,91 million) was scrapped during the year.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

9. RECEIVABLES

	Economic entity					
	As at 30 June 2018			As at 30 June 2017		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
From exchange transactions	**8 776 414**	**(4 942 650)**	**3 833 764**	**7 933 258**	**(4 435 527)**	**3 497 731**
Service debtors	7 700 505	(4 044 152)	3 656 353	6 887 079	(3 585 255)	3 301 824
Housing rental stock	755 533	(679 652)	75 881	702 237	(633 917)	68 320
Housing selling stock	201 779	(172 933)	28 846	195 470	(164 278)	31 192
Other exchange debtors	118 597	(45 913)	72 684	148 472	(52 077)	96 395
From non-exchange transactions	**2 945 905**	**(785 199)**	**2 160 706**	**2 950 481**	**(726 474)**	**2 224 007**
Rates debtors	2 902 567	(780 645)	2 121 922	2 907 830	(721 024)	2 186 806
Other non-exchange debtors	43 338	(4 554)	38 784	42 651	(5 450)	37 201
TOTAL	**11 722 319**	**(5 727 849)**	**5 994 470**	**10 883 739**	**(5 162 001)**	**5 721 738**

As at 30 June 2018, the City's receivables balance included an amount of approximately R199,34 million (2017: R227,52 million), owed by National Government and Province.

	2018	2017
Reconciliation of impairment provision		
Balance at beginning of the year	5 162 001	4 703 941
Contributions to provisions	1 850 626	1 434 760
Transfers from provisions	(6 864)	(5 051)
Bad debt written off	(1 277 914)	(971 649)
Balance as at 30 June	**5 727 849**	**5 162 001**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

9. RECEIVABLES (continued)

	Economic entity					
	Analysis of receivables' age in days					
	As at 30 June 2018			As at 30 June 2017		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
FROM EXCHANGE TRANSACTIONS	**8 776 414**	**(4 942 650)**	**3 833 764**	**7 933 258**	**(4 435 527)**	**3 497 731**
Service debtors	**7 700 505**	**(4 044 152)**	**3 656 353**	**6 887 079**	**(3 585 255)**	**3 301 824**
Not past due date	**2 313 628**	**(452 733)**	**1 860 895**	**1 904 685**	**(216 259)**	**1 688 426**
Past due						
0-90	**1 237 357**	**(310 338)**	**927 019**	**626 411**	**(117 911)**	**508 500**
91-365	**1 211 710**	**(343 271)**	**868 439**	**1 403 910**	**(299 012)**	**1 104 898**
365+	**2 937 810**	**(2 937 810)**	**-**	**2 952 073**	**(2 952 073)**	**-**
• ***Electricity***	1 663 192	(328 438)	1 334 754	1 569 272	(232 768)	1 336 504
Not past due date	889 685	(11 740)	877 945	971 132	(4 943)	966 189
Past due						
0-90	346 894	(4 577)	342 317	201 999	(1 028)	200 971
91-365	116 023	(1 531)	114 492	170 210	(866)	169 344
365+	310 590	(310 590)	-	225 931	(225 931)	-
• ***Water***	4 029 540	(2 571 860)	1 457 680	3 419 076	(2 208 466)	1 210 610
Not past due date	950 590	(375 219)	575 371	536 026	(161 053)	374 973
Past due						
0-90	705 613	(278 521)	427 092	369 167	(110 920)	258 247
91-365	752 079	(296 862)	455 217	825 384	(247 994)	577 390
365+	1 621 258	(1 621 258)	-	1 688 499	(1 688 499)	-
• ***Waste management***	565 488	(335 654)	229 834	555 420	(326 505)	228 915
Not past due date	109 543	(6 694)	102 849	94 255	(8 015)	86 240
Past due						
0-90	27 428	(1 676)	25 752	31 935	(2 716)	29 219
91-365	107 821	(6 588)	101 233	124 001	(10 545)	113 456
365+	320 696	(320 696)	-	305 229	(305 229)	-
• ***Wastewater management***	1 442 285	(808 200)	634 085	1 343 311	(817 516)	525 795
Not past due date	363 810	(59 080)	304 730	303 272	(42 248)	261 024
Past due						
0-90	157 422	(25 564)	131 858	23 310	(3 247)	20 063
91-365	235 787	(38 290)	197 497	284 315	(39 607)	244 708
365+	685 266	(685 266)	-	732 414	(732 414)	-

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

9. RECEIVABLES (continued)

	Economic entity					
	Analysis of receivables' age in days - continued					
	As at 30 June 2018			As at 30 June 2017		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
FROM EXCHANGE TRANSACTIONS (continued)						
Housing rental stock	**755 533**	**(679 652)**	**75 881**	**702 237**	**(633 917)**	**68 320**
Not past due date	72 611	(46 558)	26 053	53 359	(34 358)	19 001
Past due						
0-90	54 072	(34 671)	19 401	52 146	(33 577)	18 569
91-365	84 801	(54 374)	30 427	86 352	(55 602)	30 750
365+	544 049	(544 049)	-	510 380	(510 380)	-
Housing selling stock	**201 779**	**(172 933)**	**28 846**	**195 470**	**(164 278)**	**31 192**
Not past due date	343	(62)	281	11 985	(2 019)	9 966
Past due						
0-90	19 149	(3 488)	15 661	10 049	(1 693)	8 356
91-365	15 778	(2 874)	12 904	15 479	(2 609)	12 870
365+	166 509	(166 509)	-	157 957	(157 957)	-
Other exchange debtors	**118 597**	**(45 913)**	**72 684**	**148 472**	**(52 077)**	**96 395**
Not past due date	40 587	-	40 587	72 082	-	72 082
Past due						
0-90	16 141	-	16 141	9 690	-	9 690
91-365	15 956	-	15 956	14 623	-	14 623
365+	45 913	(45 913)	-	52 077	(52 077)	-
FROM NON-EXCHANGE TRANSACTIONS	**2 945 905**	**(785 199)**	**2 160 706**	**2 950 481**	**(726 474)**	**2 224 007**
Rates debtors	**2 902 567**	**(780 645)**	**2 121 922**	**2 907 830**	**(721 024)**	**2 186 806**
Not past due date	1 908 577	(25 699)	1 882 878	1 971 408	(110 406)	1 861 002
Past due						
0-90	46 271	(622)	45 649	87 147	(4 873)	82 274
91-365	196 030	(2 635)	193 395	257 953	(14 423)	243 530
365+	751 689	(751 689)	-	591 322	(591 322)	-
Other non-exchange debtors	**43 338**	**(4 554)**	**38 784**	**42 651**	**(5 450)**	**37 201**
Not past due date	29 486	-	29 486	30 293	-	30 293
Past due						
0-90	6 567	(793)	5 774	6 637	(1 198)	5 439
91-365	4 007	(483)	3 524	1 793	(324)	1 469
365+	3 278	(3 278)	-	3 928	(3 928)	-
TOTAL	**11 722 319**	**(5 727 849)**	**5 994 470**	**10 883 739**	**(5 162 001)**	**5 721 738**

The 'Not past due date' category represents customers that has not exceeded the 30 day credit period granted by the City to pay their invoices. It also includes debtors to the value of R818,72 million (2017: R142,01 million) who have made arrangements to repay their outstanding arrear debt over a renegotiated period.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

9. RECEIVABLES (continued)

Municipality of Cape Town	As at 30 June 2018			As at 30 June 2017		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
From exchange transactions	**8 776 414**	**(4 942 650)**	**3 833 764**	**7 933 258**	**(4 435 527)**	**3 497 731**
Service debtors	7 700 505	(4 044 152)	3 656 353	6 887 079	(3 585 255)	3 301 824
Housing rental stock	755 533	(679 652)	75 881	702 237	(633 917)	68 320
Housing selling stock	201 779	(172 933)	28 846	195 470	(164 278)	31 192
Other exchange debtors	118 597	(45 913)	72 684	148 472	(52 077)	96 395
From non-exchange transactions	**2 949 213**	**(785 199)**	**2 164 014**	**2 953 606**	**(726 474)**	**2 227 132**
Rates debtors	2 905 875	(780 645)	2 125 230	2 910 955	(721 024)	2 189 931
Other non-exchange debtors	43 338	(4 554)	38 784	42 651	(5 450)	37 201
TOTAL	**11 725 627**	**(5 727 849)**	**5 997 778**	**10 886 864**	**(5 162 001)**	**5 724 863**

	2018	2017
Reconciliation of impairment provision		
Balance at beginning of the year	5 162 001	4 703 941
Contributions to provisions	1 850 626	1 434 760
Transfers from provisions	(6 864)	(5 051)
Bad debts written off	(1 277 914)	(971 649)
Balance as at 30 June	**5 727 849**	**5 162 001**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

9. RECEIVABLES (continued)

Municipality of Cape Town						
	Analysis of receivables' age in days					
	As at 30 June 2018			As at 30 June 2017		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
FROM EXCHANGE TRANSACTIONS	**8 776 414**	**(4 942 650)**	**3 833 764**	**7 933 258**	**(4 435 527)**	**3 497 731**
Service debtors	**7 700 505**	**(4 044 152)**	**3 656 353**	**6 887 079**	**(3 585 255)**	**3 301 824**
Not past due date	**2 313 628**	**(452 733)**	**1 860 895**	**1 904 685**	**(216 259)**	**1 688 426**
Past due						
0-90	**1 237 357**	**(310 338)**	**927 019**	**626 411**	**(117 911)**	**508 500**
91-365	**1 211 710**	**(343 271)**	**868 439**	**1 403 910**	**(299 012)**	**1 104 898**
365+	**2 937 810**	**(2 937 810)**	**-**	**2 952 073**	**(2 952 073)**	**-**
• ***Electricity***	1 663 192	(328 438)	1 334 754	1 569 272	(232 768)	1 336 504
Not past due date	889 685	(11 740)	877 945	971 132	(4 943)	966 189
Past due						
0-90	346 894	(4 577)	342 317	201 999	(1 028)	200 971
91-365	116 023	(1 531)	114 492	170 210	(866)	169 344
365+	310 590	(310 590)	-	225 931	(225 931)	-
• ***Water***	4 029 540	(2 571 860)	1 457 680	3 419 076	(2 208 466)	1 210 610
Not past due date	950 590	(375 219)	575 371	536 026	(161 053)	374 973
Past due						
0-90	705 613	(278 521)	427 092	369 167	(110 920)	258 247
91-365	752 079	(296 862)	455 217	825 384	(247 994)	577 390
365+	1 621 258	(1 621 258)	-	1 688 499	(1 688 499)	-
• ***Waste management***	565 488	(335 654)	229 834	555 420	(326 505)	228 915
Not past due date	109 543	(6 694)	102 849	94 255	(8 015)	86 240
Past due						
0-90	27 428	(1 676)	25 752	31 935	(2 716)	29 219
91-365	107 821	(6 588)	101 233	124 001	(10 545)	113 456
365+	320 696	(320 696)	-	305 229	(305 229)	-
• ***Wastewater management***	1 442 285	(808 200)	634 085	1 343 311	(817 516)	525 795
Not past due date	363 810	(59 080)	304 730	303 272	(42 248)	261 024
Past due						
0-90	157 422	(25 564)	131 858	23 310	(3 247)	20 063
91-365	235 787	(38 290)	197 497	284 315	(39 607)	244 708
365+	685 266	(685 266)	-	732 414	(732 414)	-

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

9. RECEIVABLES (continued)

Municipality of Cape Town						
Analysis of receivables' age in days (continued)						
	As at 30 June 2018			As at 30 June 2017		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
FROM EXCHANGE TRANSACTIONS (continued)						
Housing rental stock	**755 533**	**(679 652)**	**75 881**	**702 237**	**(633 917)**	**68 320**
Not past due date	72 611	(46 558)	26 053	53 359	(34 358)	19 001
Past due						
0-90	54 072	(34 671)	19 401	52 146	(33 577)	18 569
91-365	84 801	(54 374)	30 427	86 352	(55 602)	30 750
365+	544 049	(544 049)	-	510 380	(510 380)	-
Housing selling stock	**201 779**	**(172 933)**	**28 846**	**195 470**	**(164 278)**	**31 192**
Not past due date	343	(62)	281	11 985	(2 019)	9 966
Past due						
0-90	19 149	(3 488)	15 661	10 049	(1 693)	8 356
91-365	15 778	(2 874)	12 904	15 479	(2 609)	12 870
365+	166 509	(166 509)	-	157 957	(157 957)	-
Other exchange debtors	**118 597**	**(45 913)**	**72 684**	**148 472**	**(52 077)**	**96 395**
Not past due date	40 587	-	40 587	72 082	-	72 082
Past due						
0-90	16 141	-	16 141	9 690	-	9 690
91-365	15 956	-	15 956	14 623	-	14 623
365+	45 913	(45 913)	-	52 077	(52 077)	-
FROM NON-EXCHANGE TRANSACTIONS	**2 949 213**	**(785 199)**	**2 164 014**	**2 953 606**	**(726 474)**	**2 227 132**
Rates debtors	**2 905 875**	**(780 645)**	**2 125 230**	**2 910 955**	**(721 024)**	**2 189 931**
Not past due date	1 911 885	(25 699)	1 886 186	1 974 533	(110 406)	1 864 127
Past due						
0-90	46 271	(622)	45 649	87 147	(4 873)	82 274
91-365	196 030	(2 635)	193 395	257 953	(14 423)	243 530
365+	751 689	(751 689)	-	591 322	(591 322)	-
Other non-exchange debtors	**43 338**	**(4 554)**	**38 784**	**42 651**	**(5 450)**	**37 201**
Not past due date	29 486	-	29 486	30 293	-	30 293
Past due						
0-90	6 567	(793)	5 774	6 637	(1 198)	5 439
91-365	4 007	(483)	3 524	1 793	(324)	1 469
365+	3 278	(3 278)	-	3 928	(3 928)	-
TOTAL	**11 725 627**	**(5 727 849)**	**5 997 778**	**10 886 864**	**(5 162 001)**	**5 724 863**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

10. OTHER RECEIVABLES

	Economic entity					
	As at 30 June 2018			As at 30 June 2017		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
From exchange transactions	**429 321**	**(106 303)**	**323 018**	**395 389**	**(55 430)**	**339 959**
Payments made in advance	48 984	-	48 984	90 143	-	90 413
Property rentals	68 721	(60 875)	7 846	59 966	(34 369)	25 597
Other exchange debtors	311 616	(45 428)	266 188	245 280	(21 061)	224 219
From non-exchange transactions	**4 014 838**	**(2 935 105)**	**1 079 733**	**3 168 199**	**(2 418 183)**	**750 016**
Government subsidies	23 058	-	23 058	33 294	-	33 294
Traffic fines	3 784 646	(2 935 105)	849 541	2 927 760	(2 418 183)	509 577
Other non-exchange debtors	207 134	-	207 134	207 145	-	207 145
TOTAL	**4 444 159**	**(3 041 408)**	**1 402 751**	**3 563 588**	**(2 473 613)**	**1 089 975**

	2018	2017
Reconciliation of impairment provision		
Balance at beginning of the year	2 473 613	1 959 417
Contributions to provisions	786 539	830 197
Transfer from provisions	-	(314 002)
Bad debt written off	(218 744)	(1 999)
Balance as at 30 June	**3 041 408**	**2 473 613**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

10. OTHER RECEIVABLES (continued)

	Economic entity					
	Analysis of receivables' age in days					
	As at 30 June 2018			As at 30 June 2017		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
FROM EXCHANGE TRANSACTIONS	**429 321**	**(106 303)**	**323 018**	**395 389**	**(55 430)**	**339 959**
Payment made in advance	**48 984**	**-**	**48 984**	**90 143**	**-**	**90 143**
Not past due date	48 984	-	48 984	90 143	-	90 143
Property rentals	**68 721**	**(60 875)**	**7 846**	**59 966**	**(34 369)**	**25 597**
Not past due date	(3 744)	284	(3 460)	(2 251)	10	(2 241)
Past due						
0-90	(8 385)	636	(7 749)	21 169	(93)	21 076
91-365	20 620	(1 565)	19 055	6 792	(30)	6 762
365+	60 230	(60 230)	-	34 256	(34 256)	-
Other exchange debtors	**311 616**	**(45 428)**	**266 188**	**245 280**	**(21 061)**	**224 219**
Not past due date	242 136	(34)	242 102	174 515	(60)	174 455
Past due						
0-90	17 668	(1 107)	16 561	49 804	(15)	49 789
91-365	7 562	(37)	7 525	226	(251)	(25)
365+	44 250	(44 250)	-	20 735	(20 735)	-
FROM NON-EXCHANGE TRANSACTIONS	**4 014 838**	**(2 935 105)**	**1 079 733**	**3 168 199**	**(2 418 183)**	**750 016**
Government subsidies	**23 058**	**-**	**23 058**	**33 294**	**-**	**33 294**
Not past due date	23 058	-	23 058	33 294	-	33 294
Traffic fines	**3 784 646**	**(2 935 105)**	**849 541**	**2 927 760**	**(2 418 183)**	**509 577**
Past due						
0-90	209 378	(162 379)	46 999	300 571	(248 257)	52 314
91-365	859 326	(666 433)	192 893	924 675	(763 735)	160 940
365+	2 715 942	(2 106 293)	609 649	1 702 514	(1 406 191)	296 323
Other non-exchange debtors	**207 134**	**-**	**207 134**	**207 145**	**-**	**207 145**
Not past due date	207 134	-	207 134	207 145	-	207 145
TOTAL	**4 444 159**	**(3 041 408)**	**1 402 751**	**3 563 588**	**(2 473 613)**	**1 089 975**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

10. OTHER RECEIVABLES (continued)

	Municipality of Cape Town					
	As at 30 June 2018			As at 30 June 2017		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
From exchange transactions	**406 398**	**(105 225)**	**301 173**	**382 679**	**(55 240)**	**327 439**
Payments made in advance	45 407	-	45 407	88 421	-	88 421
Property rentals	68 721	(60 875)	7 846	59 966	(34 369)	25 597
Other exchange debtors	292 270	(44 350)	247 920	234 292	(20 871)	213 421
From non-exchange transactions	**4 014 838**	**(2 935 105)**	**1 079 733**	**3 168 199**	**(2 418 183)**	**750 016**
Government subsidies	23 058	-	23 058	33 294	-	33 294
Traffic fines	3 784 646	(2 935 105)	849 541	2 927 760	(2 418 183)	509 577
Other non-exchange debtors	207 134	-	207 134	207 145	-	207 145
TOTAL	**4 421 236**	**(3 040 330)**	**1 380 906**	**3 550 878**	**(2 473 423)**	**1 077 455**

	2018	2017
Reconciliation of impairment provision		
Balance at beginning of the year	2 473 423	1 959 413
Contributions to provisions	785 651	830 007
Transfers from provisions	-	(313 998)
Bad debt written off	(218 744)	(1 999)
Balance as at 30 June	**3 040 330**	**2 473 423**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

10. OTHER RECEIVABLES (continued)

Municipality of Cape Town						
	Analysis of receivables' age in days					
	As at 30 June 2018			As at 30 June 2017		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
FROM EXCHANGE TRANSACTIONS	**406 398**	**(105 225)**	**301 173**	**382 679**	**(55 240)**	**327 439**
Payment made in advance	**45 407**	**-**	**45 407**	**88 421**	**-**	**88 421**
Not past due date	45 407	-	45 407	88 421	-	88 421
Property rentals	**68 721**	**(60 875)**	**7 846**	**59 966**	**(34 369)**	**25 597**
Not past due date	(3 744)	284	(3 460)	(2 251)	10	(2 241)
Past due						
0-90	(8 385)	636	(7 749)	21 169	(93)	21 076
91-365	20 620	(1 565)	19 055	6 792	(30)	6 762
365+	60 230	(60 230)	-	34 256	(34 256)	-
Other exchange debtors	**292 270**	**(44 350)**	**247 920**	**234 292**	**(20 871)**	**213 421**
Not past due date	242 136	(34)	242 102	174 515	(60)	174 455
Past due						
0-90	4 962	(29)	4 933	39 025	(15)	39 010
91-365	922	(37)	885	17	(61)	(44)
365+	44 250	(44 250)	-	20 735	(20 735)	-
FROM NON-EXCHANGE TRANSACTIONS	**4 014 838**	**(2 935 105)**	**1 079 733**	**3 168 199**	**(2 418 183)**	**750 016**
Government subsidies	**23 058**	**-**	**23 058**	**33 294**	**-**	**33 294**
Not past due date	23 058	-	23 058	33 294	-	33 294
Traffic fines	**3 784 646**	**(2 935 105)**	**849 541**	**2 927 760**	**(2 418 183)**	**509 577**
Past due						
0-90	209 378	(162 379)	46 999	300 571	(248 257)	52 314
91-365	859 326	(666 433)	192 893	924 675	(763 735)	160 940
365+	2 715 942	(2 106 293)	609 649	1 702 514	(1 406 191)	296 323
Other non-exchange debtors	**207 134**	**-**	**207 134**	**207 145**	**-**	**207 145**
Not past due date	207 134	-	207 134	207 145	-	207 145
TOTAL	**4 421 236**	**(3 040 330)**	**1 380 906**	**3 550 878**	**(2 473 423)**	**1 077 455**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

	Economic entity		Municipality of Cape Town	
	2018	2017	2018	2017
11. CASH AND CASH EQUIVALENTS (BANK AND CASH)				
Amortised cost	4 861 138	2 874 925	4 540 932	2 551 542
Bank balance*	311 119	555 304	209 735	469 968
Year-end accruals	466	6	466	6
Cash on hand and in transit	39 764	30 925	39 620	30 765
Call and short-term deposits – see note 6	4 509 789	2 288 690	4 291 111	2 050 803
Fair value – see note 6	945 686	903 949	945 686	903 949
Call and short-term deposits	934 710	894 897	934 710	894 897
Bank accounts managed by fund managers*	10 976	9 052	10 976	9 052
	5 806 824	3 778 874	5 486 618	3 455 491
Bank overdraft *	-	(5 298)	-	(5 298)
TOTAL	**5 806 824**	**3 773 576**	**5 486 618**	**3 450 193**

*See annexure C for more details.

12. BORROWINGS

Marketable bonds	5 268 213	4 275 489	5 268 213	4 275 489
Concessionary loans	1 433 991	1 564 795	1 433 991	1 564 795
Other loans	177 631	295 237	167 137	283 517
Subtotal – see annexure A for more details	6 879 835	6 135 521	6 869 341	6 123 801
Transferred to current liabilities	(378 608)	(335 701)	(376 803)	(334 185)
TOTAL	**6 501 227**	**5 799 820**	**6 492 538**	**5 789 616**

A total of R2,26 billion (2017: R2.05 billion) has been ring-fenced for the repayment of the long-term liabilities – see note 6 for more details.

MARKETABLE BONDS	**5 268 213**	**4 275 489**	**5 268 213**	**4 275 489**
Marketable bonds In terms of the Entity's domestic medium-term note (DMTN) programme registered on the Johannesburg Stock Exchange (JSE) Limited, unsecured bonds totalling R5,20 billion are listed on the JSE. Each of the municipal bonds bears interest at fixed rates ranging between 10,17% and 12,57% per annum. Interest is payable semi-annually for all bonds, while capital will be redeemed by way of a bullet repayment on the final redemption date for CCT01, CCT02 and CCT03 and semi-annual capital redemptions will be done for CCT04. The municipal bonds are repayable on 23 June 2023 (CCT01), 12 June 2024 (CCT02) and 15 March 2025 (CCT03) and the final repayment for CCT04 will be on 17 July 2027. Guaranteed investment instruments have been established for the repayment of CCT01, CCT02 and CCT03 by once-off lump sum payments with various financial institutions, namely Nedbank (CCT01), Rand Merchant Bank (CCT02) and Liberty Group Limited (CCT03).	5 268 213	4 275 489	5 268 213	4 275 489
CONCESSIONARY LOANS	**1 433 991**	**1 564 795**	**1 433 991**	**1 564 795**
Agence Française de Développement (AFD) An unsecured loan of R2,38 billion, bearing interest at an average fixed rate of 5,76% per annum. The sum is repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. This loan will be fully paid on 31 March 2028. Nominal value as at 30 June 2018 is R1,59 billion (2017: R1,75 billion).	1 426 349	1 553 579	1 426 349	1 553 579
Nedcor Bank An unsecured loan, bearing interest at a fixed rate of 1% per annum, payable annually, and loan capital repayable on 31 August 2019. Nominal value as at 30 June 2018 is R50 000 (2017: R50 000).	41	35	41	35

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

12. BORROWINGS (continued)

	Economic entity		Municipality of Cape Town	
	2018	2017	2018	2017
CONCESSIONARY LOANS (continued)				
Development Bank of Southern Africa (DBSA) An unsecured fixed-term concessionary loan, bearing interest at a fixed rate of 5% per annum, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. This loan will be fully paid on 30 June 2020. Nominal value as at 30 June 2018 is R8 million (2017: R12 million).	7 601	11 181	7 601	11 181
OTHER LOANS	**177 631**	**295 237**	**167 137**	**283 517**
DBSA Unsecured loans, bearing interest at fixed rates ranging between 9,42% and 10,59% per annum, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. These loans have various final redemption dates, ranging from 2 July 2018 to 31 December 2022.	156 602	208 582	156 602	208 582
ABSA Bank An unsecured loan, bearing interest at a fixed rate of 10,90% per annum, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. Final redemption on 2 July 2018.	10 535	20 000	10 535	20 000
FirstRand Bank A structured 15-year loan to the value of R300 million, which bore interest at a fixed rate of 12,05% per annum, and was repaid on 29 June 2018. Part of the repayment comprised a bullet payment of R225,70 million for capital and interest made out of a 15-year guaranteed investment instruments policy purchased from Momentum Group and later sold to FirstRand Bank.	-	54 935	-	54 935
ABSA - Brackenfell Business Improvement District NPC The loan is secured by motor vehicles, bearing interest at a rate of between 12.25% and 13.00% and is repayable in monthly instalments over 36 months as agreed with ABSA.	101	28	-	-
DBSA – Claremont Road Bypass Company Interest is charged at the nominal fixed rate of RSA Government bond R186, plus 154 basis points per annum. Repayable in 28 equal six-monthly instalments, having commenced on 30 September 2009. Secured by an agreement of cession from Claremont City Improvement District (CID) Company (association incorporated under section 21) (cedent) over their right and title to the levies collected by the City of Cape Town from the Claremont CID ratepayers in terms of the cooperation agreement. The cedent, the Claremont Road Bypass Company and the City of Cape Town concluded a cooperation agreement in terms of which the City of Cape Town undertook to pay to the cedent levies collected from the ratepayers within the Claremont CID.	10 143	11 692	-	-
Nedbank – Montague Gardens The liability is secured by a motor vehile which attracts interest at rates between 12% and 12.25% per annum and is repayable over a remaining period of 33 months.	250	-	-	-
TOTAL – see annexure A for more details	**6 879 835**	**6 135 521**	**6 869 341**	**6 123 801**

For more details about short-term debt facilities available to the Entity, see annexure C.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

13. RETIREMENT BENEFIT INFORMATION

The Entity makes provision for post-retirement benefits to eligible councillors and employees who belong to different pension schemes. These funds are governed by the Pension Funds Act, Act 24 of 1956, and include both defined-benefit (DB) and defined-contribution (DC) schemes. Contributions of R1,11 billion (2017: R1.03 billion) to the DB and DC schemes are expensed as incurred during the year under review.

These schemes are subject to a triennial, biennial or annual actuarial valuation, as set out below.

13.1 Defined-benefit schemes

LA Retirement Fund (multi-employer fund)

The last statutory actuarial valuation of the fund was performed at 30 June 2016, at which stage the fund found the Pensioners and DB Deferred Members account to be in a sound financial position. The valuation indicated a R116,9 million surplus with an overall funding level of 106,1% for the defined benefit section and pensioners account respectively at the financial year-end. Since the previous valuation date, an interim valuation was performed at 30 June 2017, which indicated an overall funding level of 102,6% for the defined benefit section and pensioners account respectively at year-end

South African Local Authorities (SALA) Pension Fund (multi-employer fund)

The fund is a DB plan and is financially sound. It was 100% funded as at 1 July 2016, and had remained stable since the previous statutory valuation date. The next statutory valuation is due by 1 July 2018

13.2 Defined-contribution schemes

- LA Retirement Fund (multi-employer fund)
- Cape Retirement Fund for Local Authorities (multi-employer fund)
- Municipal Councillors' Pension Fund (multi-employer fund)
- National Fund for Municipal Workers (multi-employer fund)
- Municipal Workers' Retirement Fund (multi-employer fund)
- Cape Town International Convention Centre Company SOC Limited (RF) Provident Fund

13.3 Defined-benefit and defined-contribution scheme

Cape Municipal Pension Fund

The Cape Municipal Pension Fund operates as both a DB and DC scheme. Statutory actuarial valuation of the fund was performed at 30 June 2016, which certified it as being in a financially sound position. An interim actuarial valuation of the fund was performed at 30 June 2017.

	DB section	DC section	Total
In-service members	204	9 624	9 828
Pensioners	2 903	1 943	4 846
Membership as at 30 June 2017	**3 107**	**11 567**	**14 674**

	2017 R'million	2016 R'million
Past-service position – DB section	10 418	9 996
Past-service position – DC section	4 255	4 475
Total liabilities	14 673	14 471
Assets valued at market value	14 728	14 484
Actuarial surplus	-	-

Key financial assumptions	%	%
Actual employer contribution – DB section	20,25	20,25
Actual employer contribution – DC section	18,00	18,00
Net discount rate: Pre-retirement	1,03	0,50
Post-retirement	3,03	1,40
Normal retirement age	65 years	60 years

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

14. PROVISIONS (NON-CURRENT)

Economic entity	Long-service leave benefits	Environmental rehabilitation	Post-retirement health-care benefits	Post-retirement pension benefits	Taxi compensation	Total
As at 30 June 2018						
Balance at the beginning of the year	516 222	328 562	5 244 839	19 706	-	6 109 329
Interest costs	58 195	40 798	541 387	1 969	-	642 349
Service costs	45 322	-	92 020	417	-	137 759
Benefit/rehabilitation payments	(52 969)	(2 356)	(228 506)	(886)	-	(284 717)
Actuarial gains	43 425	-	(353 697)	(6 401)	-	(316 673)
Change in estimate	-	(56 993)	-	-	-	(56 993)
Transferred from current provisions	68 288	10 570	229 590	1 958	12 062	322 468
	678 483	320 581	5 525 633	16 763	12 062	6 553 522
Current portion of provision	(79 206)	(1 546)	(245 333)	(2 260)	-	(328 345)
TOTAL	**599 277**	**319 035**	**5 280 300**	**14 503**	**12 062**	**6 225 177**

Municipality of Cape Town	Long-service leave benefits	Environmental rehabilitation	Post-retirement health-care benefits	Post-retirement pension benefits	Taxi compensation	Total
As at 30 June 2018						
Balance at the beginning of the year	516 222	328 562	5 244 839	19 706	-	6 109 329
Interest costs	58 195	40 798	541 387	1 969	-	642 349
Service costs	45 322	-	92 020	417	-	137 759
Benefit/rehabilitation payments	(52 969)	(2 356)	(228 506)	(886)	-	(284 717)
Actuarial gains	43 425	-	(353 697)	(6 401)	-	(316 673)
Change in estimate	-	(56 993)	-	-	-	(56 993)
Transferred from current provisions	68 288	10 570	229 590	1 958	12 062	322 468
	678 483	320 581	5 525 633	16 763	12 062	6 553 522
Current portion of provision	(79 206)	(1 546)	(245 333)	(2 260)	-	(328 345)
TOTAL	**599 277**	**319 035**	**5 280 300**	**14 503**	**12 062**	**6 225 177**

14.1 Long-service leave benefits

An actuarial valuation has been performed of the Entity's liability for vested long-service leave benefits to which employees may become entitled upon completion of 10 years' service and every five years thereafter. The provision is utilised when eligible employees receive the value of the vested benefits.

Discount rate

The fund benefit liability as at 30 June 2018 has been discounted at the market yields on government bonds consistent with the estimated term of the liability. The long term yield on the zero coupon government bond as at 30 June 2018 were used to determine the discount rates and consumer price index(CPI) assumptions at each relevant time period.

Key financial assumptions	2018	2017
	%	
Discount rate	9,00	Yield curve
Consumer price inflation	6,22	Difference between nominal and real yield curve
Salary increase	7,22	Equal to CPI + 1%

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

14. PROVISIONS (NON-CURRENT) (continued)

14.2 Environmental rehabilitation

Provision is made in terms of the Entity's licensing stipulations on the waste landfill sites, for the estimated cost of rehabilitating waste sites. The provision has been determined on the basis of the 30 June 2018 independent valuation performed by a firm of consulting engineers.

Key cost parameters	2018	2017
	%	
Annual inflation rate	4,57	6,21
Discount rate at the average borrowing	10,27	11,00
Scheduled dates of total closure and rehabilitation anticipated between	2022 and 2035	2021 and 2034

14.3 Post-retirement health-care defined benefits

An actuarial valuation has been performed of the Entity's liability in respect of health-care benefits to its eligible retirees and retrenched employees. The provision is utilised when eligible employees receive the value of the vested benefits.

The contributions paid are actual contributions paid by the Entity, and the unrecognised actuarial gains and losses have been adjusted accordingly to take into account the difference between the estimated contribution payments determined by the actuary, and actual contributions paid to members by the Entity.

For past service of in-service and retired employees, the Entity recognises and provides for the actuarially determined present value of post-retirement medical-aid employer contributions on an accrual basis, using the projected unit credit method.

The members of medical aid schemes entitled to a post-employment medical scheme subsidy as at 30 June 2018 constituted 7 287 (2017: 7 782) in-service members and 6 857 (2017: 6 813) pensioners.

It was assumed that the employer's health-care arrangements and subsidy policy would remain as outlined in the accounting policy, and that the level of benefits and contributions would remain unchanged, with the exception of inflationary adjustments. Implicit in this approach is the assumption that current levels of cross-subsidisation from in-service members to retiree members within the medical scheme are sustainable and will continue.

It is further assumed that the subsidy will continue until the last survivor's death for eligible members and their spouses.

Continuation of membership

It is assumed that 100% of in-service members entitled to a post-retirement subsidy retiring from the Entity will remain on the employer's health-care arrangements.

Family profile

Family profile was based on actual data and, therefore, no assumptions had to be made.

Plan assets

Currently, no long-term assets are set aside off-balance sheet in respect of the employer's post-employment health-care liability.

Discount rate

The fund benefit liability to the Entity as at 30 June 2018 has been discounted at a rate determined on the basis of the long term yield on the zero coupon government bonds curve.

Key financial assumptions	2018	2017
	%	
Discount rate	10,14	Yield curve
Consumer price inflation	7,16	Difference between nominal and yield curves
Health-care cost inflation rate	8,16	CPI + 1%
Net effective discount rate	-	Yield curve-based

Sensitivity analysis	Change in assumption	Liability	Service costs	Interest costs
Assumptions used		**5 525 633**	**92 020**	**541 387**
Health-care inflation	1% decrease	4 872 772	76 743	767 198
	1% increase	6 314 148	111 062	618 644
Post-retirement mortality	20% decrease	6 014 538	99 462	589 289
	20% increase	5 138 455	86 090	503 452

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

14. PROVISIONS (NON-CURRENT) (continued)

14.4 Post-retirement pension defined benefits

An actuarial valuation has been performed of the Entity's liability in respect of retirement pension benefits to its eligible retirees and retrenched employees. The provision is utilised when eligible employees receive the value of the vested benefits.

The contributions paid are actual contributions paid by the Entity, and the unrecognised actuarial gains and losses have been adjusted accordingly to take into account the difference between the estimated contribution payments determined by the actuary, and actual contributions paid to members by the Entity.

For past service of employees and retired employees, the Entity recognises and provides for the actuarially determined present value of post-retirement revenue pensions on an accrual basis, using the projected unit credit method.

The number of employees who were eligible for a post-retirement pension as at 30 June 2018 was 19 (2017: 21) in-service employees and 69 (2017: 81) pensioners.

Plan assets

Currently, no long-term assets are set aside off-balance sheet in respect of the employer's post-employment retirement pension liability.

Discount rate

The fund benefit liability to the Entity as at 30 June 2018 has been discounted at a rate determined on the basis of the long term yield on the zero coupon government bonds curve.

Key financial assumptions	2018	2017
	%	
Discount rate	9,97	Yield curve
Consumer price inflation	7,04	Difference between nominal and real yield curve
General salary inflation rate	9,04	CPI + 2%
Net effective discount rate	-	Curve-dependent

	Economic entity		Municipality of Cape Town	
	2018	2017	2018	2017
15. DEPOSITS				
Electricity and water	365 890	336 264	365 890	336 264
Other deposits	43 933	35 133	15 770	15 446
TOTAL	**409 823**	**371 397**	**381 660**	**351 710**

Guarantees held in lieu of electricity and water deposits were R156,09 million (2017: R114,26 million).

16. PROVISIONS (CURRENT)

Economic entity					
	Opening balance 2018	Raised	Utilised/ reversed	Transfers from non-current	Closing balance 2018
Long-service leave benefits	68 288	-	(68 288)	79 206	79 206
Environmental rehabilitation	10 570	-	(10 570)	1 546	1 546
Post-retirement benefits	231 548	-	(231 548)	247 593	247 593
Insurance and COID claims	8 224	7 859	(8 224)	-	7 859
Leave benefits	593 755	639 096	(593 755)	-	639 096
Other provisions	51 907	24 930	(36 982)	-	39 855
Performance bonuses	4 960	4 723	(4 960)	-	4 723
TOTAL	**969 252**	**676 608**	**(954 327)**	**328 345**	**1 019 878**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

16. PROVISIONS (CURRENT) (continued)

Municipality of Cape Town	Opening balance 2018	Raised	Utilised/ reversed	Transfers from non-current	Closing balance 2018
Long-service leave benefits	68 288	-	(68 288)	79 206	79 206
Environmental rehabilitation	10 570	-	(10 570)	1 546	1 546
Post-retirement benefits	231 548	-	(231 548)	247 593	247 593
Insurance and COID claims	8 224	7 859	(8 224)	-	7 859
Leave benefits	593 755	639 096	(593 755)	-	639 096
Other provisions	51 907	24 930	(36 982)	-	39 855
TOTAL	**964 292**	**671 885**	**(949 367)**	**328 345**	**1 015 155**

Leave benefits
Annual leave accrues to employees on a monthly basis, subject to certain conditions. The provision is an estimate of the amount due to staff as at the financial year-end, based on the value of statutory and non-statutory leave.

	Economic entity		Municipality of Cape Town	
	2018	2017	2018	2017
17. PAYABLES FROM EXCHANGE TRANSACTIONS				
Trade and other creditors	4 850 592	4 638 875	4 775 126	4 582 763
Payments received in advance	1 110 065	1 364 355	1 110 065	1 364 355
Funds administrated on behalf of 3rd parties	16 470	15 961	16 470	15 961
TOTAL	**5 977 127**	**6 019 191**	**5 901 661**	**5 963 079**

Payables are non-interest-bearing and are normally settled on 30-day terms, except for retentions, which are settled in terms of the contract agreement.

Payments received in advance are non-interest-bearing and normally settled on 30-day terms.

The increase in the 2017 comparative 'Funds administrated on behalf of 3rd parties' amount was reclassified from 'Trade and other creditors'.

18. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Conditional grants from other spheres of government	963 071	974 631	963 071	974 631
National Government	577 867	446 587	577 867	446 587
Province	385 204	528 044	385 204	528 044
Other conditional receipts	104 674	79 743	104 674	79 743
Public contributions	104 674	79 743	104 674	79 743
TOTAL	**1 067 745**	**1 054 374**	**1 067 745**	**1 054 374**

See notes 25, 26 and annexure E for more details of grants from National Government and Province as well as public contributions.

During the year, the National Department of Human Settlements (NDHS) advised the City of its concern that the City will not spend the entire Urban Settlements Development Grant (USDG) allocation as per the annual DoRA. Consequently, the NDHS withheld R175,8 million from the second tranche payment of the USDG to the City.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

	Economic entity		Municipality of Cape Town	
	2018	2017	2018	2017
19. VALUE-ADDED TAX (VAT)				
VAT payable	390 215	176 983	390 215	176 983
Impairment adjustment	145 326	277 030	145 326	277 030
Total VAT payable	535 541	454 013	535 541	454 013
VAT receivable	(402 559)	(360 647)	(402 559)	(360 647)
TOTAL	**132 982**	**93 366**	**132 982**	**93 366**
The VAT liability was impaired as a result of impairment against debtors.				
20. HOUSING DEVELOPMENT FUND				
Realised housing proceeds				
Balance at beginning of the year	277 498	272 628	277 498	272 628
Income	44 099	63 301	44 099	63 301
Interest	18 705	17 699	18 705	17 699
Expenditure	(13 073)	(70 286)	(13 073)	(70 286)
Non-cash transfer to provision for impairment	(7 211)	(5 844)	(7 211)	(5 844)
Balance at end of the year	320 018	277 498	320 018	277 498
Unrealised housing proceeds				
Balance at beginning of the year	54 070	67 468	54 070	67 468
Long-term loans realised	(15 855)	(20 516)	(15 855)	(20 516)
Transfer to impairment provision – selling schemes	1 544	7 553	1 544	7 553
Transfer from impairment provision – public organisations	(488)	(435)	(488)	(435)
Balance at end of the year	39 271	54 070	39 271	54 070
TOTAL	**359 289**	**331 568**	**359 289**	**331 568**
Unrealised housing proceeds represent loan repayments not yet due in terms of the debtor's loan agreement.				
21. SERVICE CHARGES				
Electricity	11 788 874	11 744 571	11 803 987	11 755 862
Water and wastewater	5 249 326	5 052 389	5 250 643	5 053 641
Solid waste	1 179 179	1 081 307	1 179 302	1 081 307
ICASA ECSN licence fees	23 656	28 768	23 656	28 768
Other	762 494	716 589	742 159	699 527
TOTAL	**19 003 529**	**18 623 624**	**18 999 747**	**18 619 105**
The 2017 'Other' item has been corrected due to a calculating error.				
The 2017 comparative amount has been restated - see note 38.				
22. FINANCE INCOME				
Exchange transactions	1 103 622	1 003 837	1 081 236	965 283
External investments	957 465	860 651	935 079	822 097
Outstanding debtors	198 207	197 058	198 207	197 058
Transfer interest to conditional grants	(52 050)	(53 872)	(52 050)	(53 872)
Non-exchange transactions				
Outstanding debtors	76 885	81 005	76 885	81 005
TOTAL	**1 180 507**	**1 084 842**	**1 158 121**	**1 046 288**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

	Economic entity		Municipality of Cape Town	
	2018	2017	2018	2017
23. OTHER INCOME				
Exchange transactions	757 428	516 653	434 876	242 040
Bulk infrastructure levies	188 127	146 522	188 127	146 522
Other income	247 806	192 176	124 676	90 559
Discount received	120 067	3 745	119 566	3 745
Gains on foreign-exchange transactions	55	709	55	709
Fair-value adjustments	2 452	4 241	2 452	4 241
City improvement districts (CIDs)	198 921	169 260	-	-
Non-exchange transactions				
City improvement districts	-	-	198 921	169 260
TOTAL	**757 428**	**516 653**	**633 797**	411 291

The City received services in kind to an estimated value of R12,24 million (2017: R8,83 million) in the form of volunteers.

24. PROPERTY RATES				
Actual				
Residential, commercial and other	9 826 181	9 259 940	9 828 320	9 264 744
Income forgone*	(1 357 933)	(1 159 618)	(1 357 933)	(1 159 618)
TOTAL	**8 468 248**	**8 100 322**	**8 470 387**	**8 105 126**
Valuations per category				
Residential	780 211 424	763 170 944	780 211 424	763 170 944
Commercial	242 767 984	235 675 407	242 767 984	235 675 407
Agriculture	6 184 089	6 509 956	6 184 089	6 509 956
Public service infrastructure	5 170 313	4 997 347	5 170 313	4 997 347
Other	139 188 262	145 406 044	139 188 262	145 406 044
TOTAL valuation at commencement of financial year	**1 173 522 072**	**1 155 759 698**	**1 173 522 072**	**1 155 759 698**

The applicable General Valuation (GV2015) came into effect on 1 July 2016 until 30 June 2019 and is based on market-related values. Property valuations adjustments, such as supplementary valuations, objection valuations and Valuation Appeal Board decisions are processed continuously. Municipal rates are levied on a daily basis in terms of the provisions of the rates policy, which makes provision for rebates and exemptions.

25. GOVERNMENT GRANTS AND SUBSIDIES				
Unconditional grants	2 658 727	2 288 187	2 658 727	2 288 187
Conditional grants	3 086 063	3 360 565	3 086 063	3 360 565
National Government	2 201 927	2 322 216	2 201 927	2 322 216
Province	884 136	1 038 349	884 136	1 038 349
TOTAL	**5 744 790**	**5 648 752**	**5 744 790**	**5 648 752**
Analysis of government grants and subsidies				
Operating	4 011 324	3 633 883	4 011 324	3 633 883
Capital	1 733 466	2 014 869	1 733 466	2 014 869
TOTAL	**5 744 790**	**5 648 752**	**5 744 790**	**5 648 752**

26. PUBLIC CONTRIBUTIONS				
Conditional				
Consumer connections	66 894	54 162	66 894	54 162
Contributed assets	5 131	6 944	5 131	6 944
Other	27 325	50 541	27 325	50 541
TOTAL	**99 350**	**111 647**	**99 350**	**111 647**

*Income forgone can be defined as any income that the City of Cape Town is entitled by law to levy, but which has subsequently been forgone by way of remission.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

	Economic entity		Municipality of Cape Town	
	2018	2017	2018	2017
27. EMPLOYEE-RELATED COSTS				
Salaries, wages and allowances	10 550 906	9 543 149	10 469 207	9 473 563
Contributions and benefits paid: current provisions	4 396	(87 711)	4 396	(87 711)
Contribution: post-retirement and long-service benefits	422 637	299 924	422 637	299 924
Current service costs	137 759	140 742	137 759	140 742
Interest costs	601 551	593 813	601 551	593 813
Actuarial gains	(316 673)	(434 631)	(316 673)	(434 631)
	10 977 939	9 755 362	10 896 240	9 685 776
Expenditure recharged to capital projects	(29 291)	(26 476)	(29 291)	(26 476)
TOTAL	**10 948 648**	**9 728 886**	**10 866 949**	**9 659 300**
28. IMPAIRMENT COSTS				
Receivables and other	2 504 595	2 323 669	2 503 516	2 323 482
Impairment of investment	-	-	67 917	-
Property, plant and equipment	481 918	99 675	11 566	99 675
TOTAL	**2 986 513**	**2 423 344**	**2 582 999**	**2 423 157**
29. FINANCE COSTS				
Borrowings	742 107	692 094	741 130	691 005
Unwinding of discount	40 798	40 818	40 798	40 818
TOTAL	**782 905**	**732 912**	**781 928**	**731 823**
30. BULK PURCHASES				
Electricity	7 870 527	8 069 460	7 870 527	8 069 460
Water	256 851	368 642	256 851	368 642
TOTAL	**8 127 378**	**8 438 102**	**8 127 378**	**8 438 102**
31. GENERAL EXPENSES				
Auditor remuneration	18 477	14 966	16 708	13 183
CIDs levies	-	-	192 953	164 182
Consultants	228 923	202 794	224 174	199 871
Free basic electricity (FBE) – Eskom service areas	120 225	133 656	119 996	133 515
Fair-value adjustments	6 857	2 220	6 857	2 220
Indigent relief	684 433	662 165	684 433	662 165
Inventory: scrapping	327	911	327	911
Loss on foreign-exchange transactions	145	1 034	137	1 028
Materials general and consumables	506 053	499 840	471 996	460 855
Security services and charges	542 028	467 362	530 827	476 050
Housing PHP payments	244 015	210 753	244 015	210 753
Fuel	255 064	227 456	286 631	230 071
Telecommunications	434 567	400 433	426 169	398 153
Other expenditure	1 812 957	1 928 382	1 717 237	1 862 000
	4 854 071	4 751 972	4 922 460	4 814 957
Contributions from provisions	(42 644)	(45 703)	(42 644)	(45 703)
	4 811 427	4 706 269	4 879 816	4 769 254
Expenditure recharged to capital projects	(3 597)	(4 693)	(3 597)	(4 693)
TOTAL	**4 807 830**	**4 701 576**	**4 876 219**	**4 764 561**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

32. ANALYSIS OF DISCONTINUED OPERATION

The Cape Town Stadium is a multi-purpose stadium situated at Fritz Sonnenberg Road, Green Point, Cape Town, 8051. The City of Cape Town and Cape Town Stadium (RF) SOC Limited entered into an Interim Service Delivery Agreement to transfer the operations and management of the stadium to Cape Town Stadium (RF) SOC Limited. Cape Town Stadium (RF) SOC Limited is a 100% owned subsidiary of the City of Cape Town. The agreement became effective on 1 February 2018, subject to the Interim Service Delivery Agreement. No assets or liabilities of the Cape Town Stadium were transferred to the new entity. The relevant staff originally working for that department have been seconded to the municipal entity after a due consultation process.

		Municipality of Cape Town	
		2018	2017
Revenue	**Note**		
Service charges	21	120	181
Rental of letting stock and facilities		5 894	11 019
Other income	23	25	9
Total revenue		6 039	11 209
Expenditure			
Employee-related costs	27	11 637	21 074
Contracted services		6 353	20 447
General expenses	31	15 528	22 139
Total expenditure		33 518	63 660
Deficit of discontinued operation		**(27 479)**	**(52 451)**
CASH FLOW STATEMENT			
CASH FLOW FROM OPERATING ACTIVITIES			
Discontinued operation			
Cash receipts from ratepayers, government and other		6 039	11 209
Cash paid to suppliers and employees		(33 518)	(63 660)
Net cash from discontinued operation		**(27 479)**	**(52 451)**

DISCONTINUED OPERATIONS

A municipal entity was established in 2017 to manage and operate the Cape Town Stadium to achieve optimal commercialisation. The Cape Town Stadium operation is classified as a discontinued operation for the year ended 30 June 2018, and as a result, the comparative figures have been restated to show the discontinued operation separately from continuing operations. Analysis of the result of the Cape Town Stadium operation is stated above.

	Economic entity		Municipality of Cape Town	
	2018	2017	2018	2017

33.TAXATION

33.1 DEFERRED TAXATION

CTICC

Deferred income taxes are calculated on all temporary differences, using a tax rate of 28% (2017: 28%).

At beginning of the year	(3 577)	(2 654)
Temporary differences	(132 866)	(923)
At end of the year	**(136 443)**	**(3 577)**
The balance comprises		
Capital allowance (non-deductible temporary differences)	(136 443)	(3 577)
Total	**(136 443)**	**(3 577)**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

33.TAXATION (continued)

	Economic entity		Municipality of Cape Town	
	2018	2017	2018	2017
33.2 TAXATION				
Statement of financial performance charge				
Current year: CTICC	(118 548)	13 983		
CIDs	-	195		
	(118 548)	**14 178**		

34. CASH GENERATED FROM CONTINUED OPERATIONS

Surplus for the year	5 028 494	5 385 343	5 392 919	5 361 601
Adjustment for:	3 869 368	2 666 038	3 380 444	2 673 512
Depreciation	2 606 357	2 236 620	2 566 995	2 209 274
Contributed assets	(5 716)	(16 516)	(5 716)	(16 516)
Impairment	481 918	99 675	11 566	99 675
Unrealised foreign-exchange loss	(11)	219	(11)	219
Gains and losses on disposal of assets	(74 899)	(178 371)	(74 867)	(179 408)
Contribution to provisions	125 678	(95 915)	125 915	(97 337)
Contribution to impairment provision	1 133 643	972 256	1 132 755	972 070
Finance income	(1 180 507)	(1 084 842)	(1 158 121)	(1 046 288)
Cash transactions	(1 173 010)	(1 038 376)	(1 150 624)	(999 822)
Non-cash transactions	(7 497)	(46 466)	(7 497)	(46 466)
Finance costs	782 905	732 912	781 928	731 823
Cash transactions	690 647	667 252	689 670	666 163
Non-cash transactions	92 258	65 660	92 258	65 660
Operating surplus before working capital changes	**8 897 862**	**8 051 381**	**8 773 363**	**8 035 113**
Increase in inventories	(147 584)	(67 201)	(147 191)	(67 263)
Increase in receivables	(831 083)	(1 028 077)	(831 266)	(1 029 823)
Increase in other receivables	(880 571)	(727 661)	(870 358)	(733 159)
Increaser/(decrease) in unspent conditional grants and receipts	13 371	(145 581)	13 371	(145 581)
(Decrease)/increase in payables	(42 053)	204 989	(61 407)	242 116
Increase in net VAT	39 616	18 595	39 616	18 595
CASH GENERATED FROM OPERATIONS	**7 049 558**	**6 306 445**	**6 916 128**	**6 319 998**

The 2017 comparative line items have been restated - see note 38.

35. CASH AND CASH EQUIVALENTS

Balance at the end of the year	5 806 824	3 773 576	5 486 618	3 450 193
Balance at the beginning of the year	3 773 576	3 803 924	3 450 193	3 332 469
NET INCREASE/(DECREASE)	**2 033 248**	**(30 348)**	**2 036 425**	**117 724**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

	Economic entity		Municipality of Cape Town	
	2018	2017	2018	2017

36. OPERATING LEASE COMMITMENTS

36.1 The Entity as lessee

Future minimum lease payments under non-cancellable operating leases

Land and buildings	23 853	57 311	22 435	55 650
Payable within one year	11 202	55 713	10 489	55 119
Payable within two to five years	12 651	1 598	11 946	531
Radio masts	890	88	890	88
Payable within one year	378	88	378	88
Payable within two to five years	406	-	406	-
Payable after five years	106	-	106	-
TOTAL	**24 743**	**57 399**	**23 325**	**55 738**

Minimum lease payments recognised as an expense during the period amount to R62,73 million (2017: R55,39 million). Leased premises are contracted for remaining periods of between one and four years, with renewal options available in certain instances.

36.2 The Entity as lessor

Future minimum lease income under non-cancellable operating leases

Buildings				
Receivable within one year	60 224	36 494	60 224	36 494
Receivable within two to five years	183 991	132 700	183 991	132 700
Receivable after five years	485 205	292 120	485 205	292 120
TOTAL	**729 420**	**461 314**	**729 420**	**461 314**

The Entity lets properties under operating leases. Property rental income earned during the year was R54,03 million (2017: R31,48 million). The tenants maintain the properties at their cost. No investment properties have been disposed of since the date of the statement of financial performance.

The impact of charging the escalations in operating leases on a straight-line basis over the term of the lease has been an increase of R123,40 million in current-year income.

37. CONTINGENT LIABILITIES

37.1 Contractual disputes

Various contractual claims by contractors/suppliers and staff are currently in dispute, and are subject to mediation. The potential extent of the liability cannot be determined, since it is subject to litigation, but a provisional estimate for the Entity based on management assessment is R257,01 million (2017: R165,70 million).

The CTICC is subject to various claims which have arisen from the expansion project brought about by the Principal Building Contractor and other professional services consultants. The company is also expecting to incur legal fees in the process of responding to these claims. The claims that will be dealt with in the next financial year do not represent a financial risk to the CTICC as the CTICC is seeking to recover monies already paid. Claims which will be dealt with beyond the next financial year as well as any related legal fees are not quantifiable at this time.

37.2 Outstanding insurance claims

The estimated liability for insurance claims amounts to R220,73 million (2017: R180,60 million). The estimated amount was based on quotations, medical reports and letters of demand received. The merits must still be determined and could result in a lesser or greater amount.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

38. PRIOR-YEAR ADJUSTMENTS

38.1 Correction of error

A number of historical projects in the Eskom area have previously been funded from the City's capital budget. These assets have now been derecognised as the control thereof does not reside with the City.

The cash flow statement represents the correction of the City's indigent relief item that is a non-cash expense and the revenue billed is not paid by the debtors.

38.2 Reclassification

The City's 'Infrastructure' assets, is security infrastructure previously reported under 'Community' assets.

The CTICC's 'assets under construction', previously reported under 'Other assets' have been reclassified as 'land and building assets'.

The CTICC implemented the mSCOA classification framework on 1 July 2017, which necessitated the reclassification of prior year comparative figures in terms of GRAP 3 that requires the Entity to retrospectively apply any classifications changes in the prior year comparative figures.

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by the prior-year adjustment and reclassification.

	Note	Economic entity			
		As previously reported	Correction of error	Reclassification	Restated
2016					
Statement of financial position					
Property, plant and equipment		37 522 615	(185 616)	-	**37 336 999**
TOTAL ASSETS		54 560 344	(185 616)	-	**54 374 728**
NET ASSETS					
Total net assets					
Accumulated surplus		30 025 858	(185 616)	-	**29 840 242**
TOTAL NET ASSETS AND LIABILITIES		54 560 344	(185 616)	-	**54 374 728**
2017					
Statement of financial position					
Property, plant and equipment	2	41 348 729	(181 094)	-	**41 167 635**
Land and buildings		2,680,360	-	796 490	**3 476 850**
Infrastructure		24 648 331	383 820	-	**25 032 151**
Community		6 433 897	(564 914)	-	**5 868 983**
Other		4,498,548	-	(796 490)	**3 702 058**
TOTAL ASSETS		59 544 080	(181 094)	-	**59 362 986**
NET ASSETS					
Total net assets					
Accumulated surplus		34 605 388	-	(181 094)	**34 424 294**
TOTAL NET ASSETS AND LIABILITIES		59 544 080	-	(181 094)	**59 362 986**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

38. PRIOR-YEAR ADJUSTMENTS (continued)

	Note	Economic entity - continued			
		As previously reported	Correction of error	Reclassifi-cation	Restated
2017					
Statement of financial performance					
Revenue					
Service charges		18 815 940	-	(192 316)	**18 623 624**
Other	21	908 905	-	(192 316)	**716 589**
Rental of letting stock and facilities		358 497	-	98 332	**456 829**
Finance income	22	997 390	-	6 447	**1 003 837**
External investments		854 204	-	6 447	**860 651**
Other income	23	429 116	-	87 537	**516 653**
Other income		108 384	-	87 792	**192 176**
Discount received		-	-	3 745	**3 745**
Total revenue		38 404 450	-	-	**38 404 450**
Expenditure					
Depreciation and amortisation expenses		2 241 142	(4 522)	-	**2 236 620**
Total expenditure		33 023 629	(4 522)	-	**33 019 107**
Surplus for the year		5 380 821	4 522	-	**5 385 343**
Cash flow statement					
Cash flow from operating activities					
Cash receipts from ratepayers, government and other		33 207 927	(10 192)	-	**33 197 735**
Cash paid to suppliers and employees		(26 895 035)	3 745	-	**(26 891 290)**
Cash generated from operations		6 312 892	(6 447)	-	**6 306 445**
Net cash from operating activities		6 658 019	-	-	**6 658 019**
Cash generated from continued operations	34				
Surplus for the year		5 380 821	-	4 522	**5 385 343**
Adjustment for		3 339 172	-	(673 134)	**2 666 038**
Indigent relief		662 165	-	(662 165)	**-**
Operating surplus before working capital changes		8 719 993	-	(662 165)	**8 051 381**
Increase in trade receivables		(1 690 242)	-	662 165	**(1 028 077)**
Cash generated by operations		6 312 892	**-**	(6 447)	**6 306 445**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

38. PRIOR-YEAR ADJUSTMENTS (continued)

	Note	Municipality of Cape Town			
		As previously reported	Correction of error	Reclassification	Restated
2016					
Statement of financial position					
Property, plant and equipment		36 892 544	(185 616)	-	**36 706 928**
TOTAL ASSETS		53 863 781	(185 616)	-	**53 678 165**
NET ASSETS					
Total net assets					
Accumulated surplus		29 846 771	(185 616)	-	**29 661 155**
TOTAL NET ASSETS AND LIABILITIES		53 863 781	(185 616)	-	**53 678 165**
2017					
Statement of financial position					
Property, plant and equipment	2	40 377 585	(181 094)	-	**40 196 491**
Infrastructure		24 648 331	383 820	-	**25 032 151**
Community		6 433 897	(564 914)	-	**5 868 983**
TOTAL ASSETS		58 821 083	(181 094)	-	**58 639 989**
NET ASSETS					
Total net assets					
Accumulated surplus		34 382 649	(181 094)	-	**34 201 555**
TOTAL NET ASSETS AND LIABILITIES		58 821 083	(181 094)	-	**58 639 989**
Statement of financial performance					
Expenditure					
Depreciation and amortisation expenses		2 213 796	(4 522)	-	**2 209 274**
Total expenditure		32 857 718	(4 522)	-	**32 853 196**
Surplus for the year		5 304 628	4 522	-	**5 309 150**
Cash flow statement					
Cash flow from operating activities					
Cash receipts from ratepayers, government and other		32 990 837	(14 954)	-	**32 975 883**
Cash paid to suppliers and employees		(26 723 290)	67 405	-	**(26 655 885)**
Cash generated from operations		6 267 547	52 451	-	**6 319 998**
Net cash from operating activities		6 601 206	-	-	**6 601 206**
Cash generated from continued operations	34				
Surplus for the year		5 304 628	-	56 973	**5 361 601**
Adjustment for		3 340 199	-	(666 687)	**2 673 512**
Indigent relief		662 165	-	(662 165)	**-**
Operating surplus before working capital changes		8 644 827	-	(609 714)	**8 035 113**
Increase in trade receivables		(1 691 988	-	662 165	**(1 029 823)**
Cash generated by operations		6 267 547	-	52 451	**6 319 998**

38.3 Changes in accounting estimates

The annual review of the useful lives and residual values of assets resulted in a decrease of R2,27 million (2017: R111,86 million) in the depreciation charge to the statement of financial performance. It is impracticable to estimate the effect of these changes in estimate on future periods.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

39. BUDGET INFORMATION

39.1 Explanation of the Statement of comparison of budget and actual amounts variances

1. The difference between the approved budget and final budget are due to virements in terms of Council-approved policy.

2. The format and classification schemes adopted for presentation of the approved budget for the financial year differ from the format and classification adopted for the financial statements. The classification differences are mainly due to the budget reporting on Municipal Standard Chart of Accounts (mSCOA) classification.

3. The capital spend recognition differences are set-out in the table below:

Annual financial statements	**5 710 581**
Landfill site provision estimate	14 714
Donated assets	(5 716)
Budget	**5 719 579**

39.2 Explanation of variances greater than 10%: final budget and actual amounts

39.2.1 Statement of financial position

Total liabilities

i) Current liabilities
The variance on total current liabilities is due to underspending of capital and operating expenditure against budget that lead to a lower than expected payables from exchange transactions balance at year end.

39.2.2 Statement of financial performance

Revenue

i) Transfers recognised - operational
The variance is a combined result of various factors, being the turnaround time in the filling of grant funded vacancies, delays in planned start-up, community dynamics and influences, changes in contract scope, contract award objection processes, environmental issues, delays in delivery of goods and poor contractor performance.

ii) Other own revenue
The variance is the result of over recovery on a number of revenue sources.

Expenditure

iii) Finance charges
The variance is the result of there be no need to take up loans to fund the capital programme due to under spending.

Surplus

iv) Transfers recognised - capital
The variance is the result of underperformance related to capital projects for reasons set out under paragraph 39.3.1.

v) Contributions recognised - capital and contributed assets
The variance is the result of a shortfall of applications received over original projections.

39.2.3 Cash flow statement

i) Net cash from operating
The variance is a result of an under spent on operating expenditure.

ii) Net cash from financing
The variance is a result of not taking up anticipated loans not needed to fund the capital budget.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

39. BUDGET INFORMATION (continued)

39.3 Explanation of variances greater than 5%: final budget and actual amounts

39.3.1 Capital expenditure

i) City Manager
The variance is the result of an unspent insurance provision which is created to fund insurance claims of a capital nature.

ii) Directorate of the Mayor
The variance is the result of scarcity of adequately skilled and experienced business intelligence analysts.

iii) Energy
The variance in the implementation of the projects is a result of inclement weather, bus strikes, tender delays and construction delays, community dynamics and late delays in the delivery of goods.

iv) Informal Settlements, Water and Waste Services
The variance in the implementation of the projects is mainly as result significant under expenditure against projects linked to the New Water Plan due to the re-prioritisation in pursuit of the optimisation of value in providing water security which is being continuously reassessed. Further factors contributing to the variance are delays in procurement processes, public objections, community resistance and vandalism, gang intimidation and threats, incomplete land use management requirements, initial establishment of temporary depot accommodation taking longer than anticipated, contractors underperforming and under performance by contractors.

v) Social Services
The variance in the implementation of the projects is a result of challenges experienced with the upgrading of cemeteries and public opens spaces, termination of tenders due to poor contractor performance, delays in public engagement and participation due to community dynamics, land invasions resulting in a project not going ahead as planned and delays due to IT capacity constraints. There were also savings on smaller projects.

vi) Transport and Urban Development Authority
The variance in the implementation of the projects is a result delays due to community dynamics, delays in public engagement and participation, and awaiting feedback on whether the Supply Chain Management Regulations have been adhere to before related expenditure is processed.

vii) Subsidiaries
The variance relates to the timing of expenditure on the CTICC East expansion programme and revamping of CTICC West.

40. ADDITIONAL DISCLOSURES

40.1 Political parties' arrears

Included in the debtors' arrears is an amount of R69 745,48 (2017: R30 310,76) outstanding for more than 90 days, owed by the representative political parties to the Entity.

40.2 Municipal Finance Management Act

40.2.1 Section 124(1)(b)

40.2.1.1 Disclosure concerning councillors' municipal accounts in arrears

2018

As at 30 June 2018, the following councillor was more than 90 days in arrears for rates or services.
Z Sulelo

During the **reporting period,** the following councillors were more than 90 days in arrears for rates or services.

T Mpengezi	A Skippers	ST Vuba

2017

As at **30 June 2017**, no councillor was more than 90 days in arrears for rates or services.

During the **reporting period,** the below councillors were more than 90 days in arrears for rates or services.

SWP Arendse	N Bolitye	GE Gordon	NE Mgolombane	P Nyakaza-Sandla
TM Batembu	KR Carls	MW Hlazo	T Mgxekeni	SF Oerson

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

40. ADDITIONAL DISCLOSURES (continued)

40.2 Municipal Finance Management Act (continued)

	Economic entity		Municipality of Cape Town	
	2018	2017	2018	2017
40.2.2 Section 125				
40.2.2.1 Irregular expenditure				
Opening balance	47 037	2	47 037	2
Expenditure – as indicated below	-	47 037	-	47 037
Regularised and ratified	-	(2)	-	(2)
Closing balance	**47 037**	**47 037**	**47 037**	**47 037**
Incidents				
Non-compliance with SCM regulations	-	31 990	-	31 990
Non-compliance with MFMA, section 116(3)	-	14 907	-	14 907
Non-compliance with Remuneration of Public Office Bearers Act	-	140	-	140
Incidents for the year	-	**47 037**	-	**47 037**
40.2.2.2 Fruitless and wasteful expenditure				
Opening balance	-	86	-	86
Adjustment of opening balance – prior year expenditure	-	-	-	-
Expenditure – current year	-	-	-	-
Regularised and ratified	-	(86)	-	(86)
Closing balance	**-**	**-**	**-**	**-**
40.2.2.3 Material losses				
Water losses	**159 543**	**112 898**	**159 543**	**112 898**
In the current year, the material losses were 14,82 % (2017: 9,29%). These are made up of 10,78% reticulation losses and 4,04% abnormal production losses (2017: 9,29% reticulation losses and 0% abnormal production losses). These losses are predominantly due to unauthorised usage and metering inaccuracies. The production losses amounted to R140,3 million (2017: R204,80 million).				
Electricity losses	**332 155**	**353 550**	**332 155**	**353 550**
In the current year, the energy losses were 10,72% (2017: 10,89%). These losses are the result of system operation, theft and vandalism. The production losses amounted to R511,76 million (2017: R524,05 million).				

40.2.2.4 Other compulsory disclosures

	South African Local Government Association (SALGA) contributions	Audit fees	Pay-as-you-earn (PAYE) and UIF	Pension and medical aid
As at 30 June 2018				
Opening balance	-	11	114 716	251 289
Subscriptions/fees	12 635	20 667	1 585 714	3 080 114
Amount paid: current year	(12 635)	(20 738)	(1 456 614)	(2 812 893)
previous years	-	(11)	(114 716)	(251 289)
Balance unpaid (included in payables)	**-**	**(71)**	**129 100**	**267 221**
As at 30 June 2017				
Opening balance	-	61	103 016	228 711
Subscriptions/fees	12 300	16 633	1 405 032	2 933 122
Amount paid: current year	(12 300)	(16 622)	(1 290 316)	(2 681 833)
previous years	-	(61)	(103 016)	(228 711)
Balance unpaid (included in payables)	**-**	**11**	**114 716**	**251 289**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

	Economic entity		Municipality of Cape Town	
	2018	2017	2018	2017

40.3 Supply Chain Management Regulations

40.3.1 Deviations

In terms of section 36 of the municipal SCM regulations, any deviation from SCM policy needs to be approved by the Accounting Officer and noted by Council. The awards listed below have been approved by the Accounting Officer and noted by Council.

Incidents

Appointment of consultants	256 634	4 589	256 634	4 589
Information technology upgrade	35 269	69 660	35 269	69 660
Extension of contract period/sum	7 191	144 433	7 191	144 433
Upgrade of road infrastructure	66 739	71 531	66 739	71 531
Supply and delivery of plant and equipment	52 592	38 126	52 592	38 126
Other	150 701	68 328	140 450	57 406
Water resilience/augmentation	259 905	-	259 905	-
Deviations less than R200 000	461 567	403 689	461 567	403 689
TOTAL amount approved by the Accounting Officer and noted by Council	**1 290 598**	**800 356**	**1 280 347**	**789 434**

All deviations considered by the Accounting Officer are processed in terms of the SCM regulations and the SCM policy. This process entails being assessed by the SCM Bid Adjudication Committee in terms of the stipulated criteria of emergency procurements, availability from only one provider, art-historical objects, circumstances where it is impractical or impossible to follow the official procedure, or correction of minor technical breaches.

40.3.2 SCM breaches

Ratification of minor breaches	3 437	6 579	-	-
TOTAL amount regularised and ratified	**3 437**	**6 579**	**-**	**-**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

40. ADDITIONAL DISCLOSURES (continued)
40.3 SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

40.3.3 Bids awarded to family of employees in the service of the state

In terms of section 45 of the municipal SCM regulations, any award above R2 000 to family of employees in the service of the state must be disclosed in the consolidated annual financial statements. The following is a list as recorded in the declaration-of-interest form:

		Economic entity	Municipality of Cape Town
Connected person	Position held in State	2018	2018
H Ahlschlager	Legal representative	14 319	14 319
N Andhee	Teacher	1 071	1 071
R Badenhorst	Councillor: Stellenbosch Municipality	1 254	1 254
M Barnard	Deputy Director: Radiology	786	786
P Bell	Events Manager	1 421	1 421
J Bogma	Metro Paramedic	119	119
V Botto	Forensics	516	516
C Brown	National Key Point Supervisor	133	133
C Brynard	Councillor: City of Cape Town	3 102	3 102
ER Bowers	Social Worker	572	572
G Buitendag	Principal Professional Officer	8 726	8 726
C Carr	Administrative Officer	87	87
P Christopher	Operations Manager	1 453	1 453
JP Cilliers	Specialist Advisor	406	406
A da Grass	Specialist Clerk	166	166
M Daniels	Project Administrator	149	149
M Davids	Operational Supervisor Driver	194	194
S Davids	Teacher	3 780	3 780
W de Kock	Stellenbosch Municipality	1 003	1 003
A Dolf	Senior Clerk	1 197	1 197
N Dolf	Clerk	548	548
Y Ebrahim	District Head	1 553	1 553
C Elliot	Office of the Premier	2	2
S Fourie	HoD: Department of Economic Development and Tourism	10	-
F Fortune	Physio	228	228
S Gxilishe	Teacher	155	155
A Harding	Administration Officer	35	35
W Harris	Councillor: City of Cape Town	9	9
C Hector	Quality Assessor	2 478	2 478
T Henderson	Teacher	350	350
F Hendricks	Administrative Officer	1 108	1 108
R Hendricks	HR: Department of Justice	128	128
SS Merile	Small plant operator	696	696
FJ Monk	Subcouncil Manager	861	861
E Jacobs	Senior Clerk	44 172	44 172
R Jacobs	Fleet Co-ordinator	807	807
Y Jacobs	Accountant	307	307
LA Kenny	Professional Officer	327	327

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

40. ADDITIONAL DISCLOSURES (continued)

40.3 SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

40.3.3 Bids awarded to family of employees in the service of the state (continued)

		Economic entity	Municipality of Cape Town
Connected person	Position held in State	2018	2018
T Lebesana	Security	162	162
Z Mabodi	Advocate	38	38
N Makeleni	Nurse	53	53
M Maroof	Professional Officer	90	90
G Meyer	Manager: Supplier Management	3 011	3 011
D Moffett	Director	2 251	2 251
R Mohammed	Executive Director: Central Energy fund	6 660	6 660
F Mostert	Manager	1 095	1 095
MC Mshweshwe	Statutory Compliance Specialist	1 066	1 066
M Mvalo	Professional Officer	1 800	1 800
NG Payne	Principle Professional Officer	52	52
S Pieterse	Senior Clerk	552	552
C Rhoda	Head: Invasive Species	347	347
M Rhodes	Teacher	5 078	5 078
A Richards	Senior Professional Officer	76	76
L Ritter	Buyer	74	74
D Rose	Call Centre Agent	3 725	3 725
MN Sammy	Administrative Officer	17	17
A Sangster	Support Assistant	8 524	8 524
N September	Administrator	224	224
Y Skunyana	Light Machine Operator	707	707
L Sneli	Assistant Project Manager	4	4
T Steyn	Senior Professional Officer	433	433
C Stone	Manager: Traffic Services	6	6
S Toyer	Stores Clerk	36	36
Z Valley	Professional Officer	35	35
V van der Heever	Teacher	6 290	6 290
C van der Vent	Senior Worker	390	390
N Vlotman	Department of Health	8	8
MF Voersen	Head	2 346	2 346
B Wasserfall	Senior Forensic Officer	841	841
S Willemse	Administrative Officer	1 538	1 538
R Williams	Prison Warden	54	54
V Williams	Clerk	2 718	2 718
R Wyngaard	Administrative Officer	1 044	1 044
TOTAL		**145 573**	**145 563**

See annexure G for the 2017 list.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

41. RELATED-PARTY DISCLOSURES

41.1 Municipal entities and special areas

During the year, in the ordinary course of business, transactions between the City of Cape Town and the following entities have occurred under terms and conditions that are no more favourable than those entered into with third parties in arm's-length transactions.

	Economic entity		Municipality of Cape Town	
	2018	2017	2018	2017
CTICC				
The CTICC was established for Cape Town to become host to international conferences, with the objective of promoting Cape Town as a tourism city.				
Percentage owned			71,4%	71,4%
Arm's-length transactions for the year				
Receivables			3 308	3 126
Deposits			1 233	1 157
Service charges			19 504	18 219
Rental of letting stock and facilities			2 524	2 461
Included in note 37 is an amount of R6,4 million which relates to a contractual dispute with the CTICC. The final amount payable, if any, will be determined after an investigation is finalised.				
CAPE TOWN STADIUM (RF) SOC LTD				
The Cape Town Stadium municipal entity was established to manage and operate the Cape Town Stadium on behalf of the City. The vision of the Cape Town Stadium is to achieve world-wide recognition as a major sport event hosting facility and become the premium venue of choice.				
Percentage owned			100%	
Arm's-length transactions for the year				
Services charges			360	
Other income			5 468	
Grants and subsidies paid			22 167	
CIDs				
These entities were established to enable projects at the initiative at local communities, to provide services over and above the services provided by the City of Cape Town.				
Special rating areas				
Arm's-length transactions for the year				
Service charges			-	2
Levies			192 953	164 182

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

41. RELATED-PARTY DISCLOSURES (continued)

41.1 Municipal entities and special areas (continued)

	Economic entity		Municipality of Cape Town	
	2018	2017	2018	2017
Arm's-length transactions have been entered into with members of key management as well as related companies.				
Management contracts				
Epping CID: Just For You Business Support Services CC	1 327	1 179		
Woodstock CID: Lloyd's Project Management CC	627	581		
Rental contracts				
Voortrekker Road: Greater Tygerberg Partnership NPC – Rental				
Paid	381	333		
Received	164	-		
Other: Directors				
Northpine: ML Schereka	38	-		
Penzance: AJ Schwegmann	1	-		
CMTF				
The fund was established to pool funds for road networks and maintenance in the metropolitan area.				
Administrator				
Arm's-length transactions for the year				
Funds held on behalf of CMTF	15 598	15 141	15 598	15 141
Grants and transfers – conditions met	4 414	1 811	4 414	1 811
Interest paid	986	1 096	986	1 096
Revenue collected	4 026	2 989	4 026	2 989

41.2 Executive management

No members of the City of Cape Town's management have significant influence over the financial or operating policies of the municipal entities and special rating areas.

No business transactions took place between the City of Cape Town and key management personnel.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

41. RELATED-PARTY DISCLOSURES (continued)

41.2 Executive management (continued)

41.2.1 Mayoral Committee (Mayco) members/councillors/board members

	Annual salary	Car allowance	Social contribution	Sub total	Travel claims reimbursement	Total
2018						
Mayco committee members	12 347	60	309	**12 716**	-	**12 716**
Councillors	129 765	378	4 434	**134 577**	7 630	**142 207**
Subsidiaries: board members	656	-	-	**656**	-	**656**
TOTAL	**142 768**	**438**	**4 743**	**147 949**	**7 630**	**155 579**
2017						
Mayco committee members	11 508	60	366	**11 934**	47	**11 981**
Councillors	116 241	225	3 749	**120 215**	6 177	**126 392**
Subsidiaries: board members	578	-	-	**578**	-	**578**
TOTAL	**128 327**	**285**	**4 115**	**132 727**	**6 224**	**138 951**

Councillors are remunerated according to the Remuneration of Public Office Bearers Act, Act 20 of 1998 and are not disclosed individually but in aggregate, and only have collective executive powers for planning, directing and controlling the activities of the City of Cape Town. There are 231 councillors positions, whose aggregated remuneration amounted to R147,29 million for the period under review. The average remuneration per councillor is R0,638 million per annum. The Mayco members have such individual executive powers as granted by their delegation, and are therefore disclosed in the below table. A full list of the councillors is disclosed on pages 8 and 9 as part of the 'General information'.

41.2.2 Mayco Committee members

	Analysis of remuneration benefits			
	Annual salary	Car allowance	Social contribution	Total
2018				
Executive Mayor				
Ald P de Lille	1 297	42	-	**1 339**
Executive Deputy Mayor				
Ald ID Neilson	974	-	115	**1 089**
Executive Finance				
Cllr JFH van der Merwe	920	-	108	**1 028**
Safety and Security Services				
Ald JP Smith	924	18	86	**1 028**
Informal Settlements, Water and Waste Services; Energy				
Cllr XT Limberg	1 029	-	-	**1 029**
Corporate Services				
Cllr R Arendse	1 029	-	-	**1 029**
Assets and Facilities Management				
Cllr SP Diamond	1 029	-	-	**1 029**
Transport and Urban Development Authority				
Cllr BN Herron	1 029	-	-	**1 029**
Area-Based: South				
Cllr EP Andrews	1 029	-	-	**1 029**
Area-Based: Central				
Cllr S Mamkeli	1 029	-	-	**1 029**
Area-Based: North				
Cllr SA Little	1 029	-	-	**1 029**
Area-Based: East				
Cllr A Ntsodo	1 029	-	-	**1 029**
TOTAL	**12 347**	**60**	**309**	**12 716**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

41. RELATED-PARTY DISCLOSURES (continued)

41.2 Executive management (continued)

41.2.2 Mayco Committee members (continued)

	Analysis of remuneration benefits			
	Annual salary	Car allowance	Social contribution	Total
2017				
Executive Mayor Ald P de Lille	1 238	42	-	**1 280**
1 JANUARY 2017 TO 30 JUNE 2017				
Executive Deputy Mayor Ald ID Neilson	467	-	57	**524**
Executive Finance Cllr JFH van der Merwe	429	-	53	**482**
Safety and Security Services Ald JP Smith	430	9	43	**482**
Informal Settlements, Water and Waste Services, Energy Cllr XT Limberg	482	-	-	**482**
Corporate Services Cllr R Arendse	482	-	-	**482**
Assets and Facilities Management Cllr SP Diamond	482	-	-	**482**
Transport and Urban Development Authority * Cllr BN Herron	482	-	-	**482**
Area-Based: South Cllr EP Andrews	482	-	-	**482**
Area-Based: Central Cllr S Mamkeli	482	-	-	**482**
Area-Based: North Cllr SA Little	482	-	-	**482**
Area-Based: East Cllr A Ntsodo	482	-	-	**482**
	6 420	51	153	6 624

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

41. RELATED-PARTY DISCLOSURES (continued)

41.2 Executive management (continued)

41.2.2 Mayco Committee members (continued)

	Analysis of remuneration benefits - continued			
	Annual salary	Car allowance	Social contribution	Total
2017				
1 JULY 2016 TO 31 DECEMBER 2016				
Executive Deputy Mayor/Finance Ald ID Neilson	463	-	56	**519**
Safety and Security Services Ald JP Smith	428	9	42	**479**
Corporate Services Cllr XT Limberg	479	-	-	**479**
Economic, Environmental and Spatial Planning Cllr JFH van der Merwe	426	-	53	**479**
Social Development and Early Childhood Development Cllr SA Little	479	-	-	**479**
City Health Cllr S Mamkeli	479	-	-	**479**
Community Services and Special Projects Ald B Walker	95	-	9	**104**
Community Services Cllr A Ntsodo	375	-	-	**375**
Transport and Urban Development Authority * Cllr BN Herron	479	-	-	**479**
Tourism, Events and Marketing Cllr G Bloor (up to 09/8/2016)	104	-	-	**104**
Tourism, Events and Economic Development Cllr EP Andrews (as from 11/8/2016)	375	-	-	**375**
Utility Services Ald EJ Sonnenberg	427	-	53	**480**
Human Settlements Cllr B van Minnen	479	-	-	**479**
	5 088	9	213	5 310
TOTAL	**11 508**	**60**	**366**	**11 934**

Previously known:
* Transport and Urban Development

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

41. RELATED-PARTY DISCLOSURES (continued)

41.2 Executive management (continued)

41.2.3 Executive management

	Analysis of remuneration benefits					
	Annual salary	Severance pay	Relocation and car allowance	Travel and subsist-ence	Social contri-bution	Total
2018						
City Manager						
L Mbandazayo (appointed from 01/05/2018)	712	-	-	-	58	**770**
L Mbandazayo (acted from 15/01/2018 to 30/04/2018)	755	-	-	-	91	**846**
A Ebrahim (resigned w.e.f. 12/01/2018)	1 795	-	-	-	243	**2 038**
Social Services						
E Sass	2 468	-	-	-	351	**2 819**
Assets and Facilities Management						
K le Keur	1 757	-	128	-	91	**1 976**
Area-Based Service Delivery						
L Scheepers	1 747	-	-	-	229	**1 976**
Directorate of the Mayor						
C Kesson (01/07/2017 to 25/04/2018)	2 055	-	-	39	249	**2 343**
Strategic Governance						
C Kesson (26/04/2018 to 31/05/2018)	225	-	-	-	29	**254**
Corporate Services						
C Kesson (appointed 01/06/2018 to 30/06/2018)	196	-	-	-	25	**221**
G Kenhardt (acted from 16/01/2018 to 31/05/2018)	636	-	-	-	72	**708**
G Kenhardt (acted from 17/11/2017 to 31/12/2017)	183	-	-	-	24	**207**
L Mbandazayo (01/07/2017 to 14/01/2018)	1 264	-	-	-	162	**1 426**
Finance						
K Jacoby	2 479	-	81	2	250	**2 812**
Safety and Security Services						
R Bosman	2 401	-	95	-	304	**2 800**
Informal Settlements, Water and Waste Services; Energy						
G Kaiser	2 614	-	108	10	60	**2 792**
Transport and Urban Development Authority						
G Fortune (acted from 21/01/2018 to 30/06/2018)	1 430	-	-	3	226	**1 659**
M Whitehead (suspended with pay as from 19/01/2018)	2 800	-	-	-	2	**2 802**
Energy						
K Nassiep (as from 01/07/2017)	1 928	-	99	5	2	**2 034**
CTICC						
J Ellingson	2 425	-	-	-	-	**2 425**
CTST						
L de Reuck (as from 01/02/2018)	545	-	71	-	90	**706**
TOTAL	**30 415**	**-**	**582**	**59**	**2 558**	**33 614**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

41. RELATED-PARTY DISCLOSURES (continued)

41.2 Executive management (continued)

41.2.3 Executive management (continued)

	Analysis of remuneration benefits - continued					
	Annual salary	Severance pay	Relocation and car allowance	Travel and subsi-stence	Social contri-bution	Total
2017						
City Manager						
A Ebrahim	2 763	-	-	-	382	**3 145**
1 JANUARY 2017 TO 30 JUNE 2017						
Human Settlement Services						
R Pretorius (acted from 01/1/2017 to 28/02/2017)	184	-	-	-	34	**218**
Social Services						
E Sass (from 01/01/2017)	1 294	-	-	-	164	**1 458**
Assets and Facilities Management						
K le Keur (from 01/01/2017)	883	-	-	-	1	**884**
Area Based Service Delivery						
L Scheepers (from 01/01/2017)	794	-	40	1	90	**925**
Directorate of the Mayor						
C Kesson (from 01/01/2017)	1 255	-	-	10	1	**1 266**
Corporate Services						
L Mbandazayo (from 01/01/2017)	1 285	-	-	-	141	**1 426**
Finance						
K Jacoby (from 01/01/2017)	1 260	-	41	4	154	**1 459**
Safety and Security Services						
R Bosman (from 01/01/2017)	1 120	-	48	-	140	**1 308**
Informal Settlements, Water and Waste Services; Energy						
G Kaiser (from 01/01/2017)	1 251	-	54	-	20	**1 325**
Transport and Urban Development Authority*						
M Whitehead (from 01/01/2017)	1 413	-	-	19	1	**1 433**
	13 502	-	183	34	1 128	**14 847**

Previously known:
* Transport and Urban Development

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

41. RELATED-PARTY DISCLOSURES (continued)

41.2 Executive management (continued)

41.2.3 Executive management (continued)

	Analysis of remuneration benefits - continued					
	Annual salary	Severance pay	Relocation and car allowance	Travel and subsi-stence	Social contri-bution	Total
2017						
1 JULY 2016 TO 31 DECEMBER 2016						
Corporate Services and Compliance						
L Mbandazayo (acted from 25/08/2016 to 31/12/2016)	587	-	-	-	65	**652**
DG Ras (up to 24/08/2016)	438	3 553	-	-	-	**3 991**
Community Services						
L Mtwazi (up to 31/12/2016)	889	-	42	-	119	**1 050**
Human Settlement Services						
R Pretorius (acted from 25/08/2016 to 31/12/2016)	445	-	-	-	71	**516**
Dr IK Bromfield (up to 24/08/2016)	377	3 400	22	-	46	**3 845**
Social Development and Early Childhood Development						
E Sass (acted from 01/07/2016 to 31/12/2016)	806	-	-	-	101	**907**
Economic, Environment and Spatial Planning						
J Hugo (up to 31/12/2016)	1 343	-	-	1	24	**1 368**
City Health						
Dr W Mahlangu-Mathibela (up to 31/12/2016)	943	2 641	33	-	108	**3 725**
Finance						
K Jacoby (from 01/07/2016 to 31/12/2016)	849	-	40	-	125	**1 014**
Transport, Roads and Stormwater						
M Whitehead (from 01/07/2016 to 31/12/2016)	1 014	-	-	10	1	**1 025**
Utility Services						
G Kaiser (from 01/07/2016 to 31/12/2016)	984	-	54	-	15	**1 053**
Safety and Security Services						
R Bosman (from 01/12/2016 to 31/12/2016)	150	-	8	-	20	**178**
G Kaiser (acted from 01/11/2016 to 30/11/2016)*						
W le Roux (acted from 01/07/2016 to 31/10/2016)	419	-	34	27	64	**544**
	9 244	9 594	233	38	759	**19 868**
	22 746	**9 594**	**416**	**72**	**1 887**	**34 715**
CTICC						
J Ellingson	2 268	-	-	-	-	2 268
TOTAL	**25 014**	**9 594**	**416**	**72**	**1 887**	**36 983**

*G Kaiser acted without any compensation.

42. EVENTS AFTER REPORTING DATE

At the time of preparing and submitting the annual financial statements, there were no subsequent events to disclose.

ANNEXURE A: Schedule of external borrowings

AS AT 30 JUNE 2018

Rand thousands

	Contractual interest rate (NACS) %	Loan ID	Redeemable date	Balance as at 30 June 2017	Received during the year	Net interest accrual during the year	Concessionary loan adjustment	Redeemed/ written off during year	Balance as at 30 June 2018
MARKETABLE BONDS									
Municipal Bond CCT01	12,570	830014004	2023	1 002 748	-	(687)	-	-	1 002 061
Municipal Bond CCT02	11,615	830016003	2024	1 207 236	-	-	-	-	1 207 236
Municipal Bond CCT04	11,160	830017007	2025	2 065 505	-	-	-	-	2 065 505
Municipal Bond CCT04	10,170	830019504	2027	-	1 000 000	43 411	-	(50 000)	993 411
Total marketable bonds [1]				**4 275 489**	**1 000 000**	**42 724**	**-**	**(50 000)**	**5 268 213**
CONCESSIONARY LOANS									
Nedcor Bank	1,000	830000920	2019	35	-	-	6	-	41
DBSA	5,000	830012028	2020	11 181	-	2	418	(4 000)	7 601
AFD	5,763	830018500	2028	390 899	-	(676)	8 654	(40 000)	358 877
AFD	5,730	830018516	2028	390 290	-	(673)	8 741	(40 000)	358 358
AFD	5,755	830018530	2028	390 954	-	(676)	8 692	(40 000)	358 970
AFD	5,800	830018523	2028	381 436	-	(663)	8 332	(38 961)	350 144
Total concessionary loans				**1 564 795**	**-**	**(2 686)**	**34 843**	**(162 961)**	**1 433 991**
OTHER LOANS									
ABSA Bank	10,900	830007011	2018	20 000	-	535	-	(10 000)	10 535
DBSA	10,590	83001050	2018	33 916	-	902	-	(16 958)	17 860
FirstRand Bank	12,046	830009531	2018	54 935	-	(24 935)	-	(30 000)	-
DBSA	9,420	830012035	2020	28 000	-	10	-	(9 333)	18 677
DBSA	9,639	830013000	2022	73 333	-	32	-	(13 334)	60 031
DBSA	10,565	830013507	2022	73 333	-	35	-	(13 334)	60 034
Total other loans				**283 517**	**-**	**(23 421)**	**-**	**(92 959)**	**167 137**
TOTAL MUNICIPALITY OF CAPE TOWN				**6 123 801**	**1 000 000**	**16 617**	**34 843**	**(305 920)**	**6 869 341**
Controlled entities									
OTHER LOANS									
CID Brackenfell : ABSA	13,000	-	2019	28	138	-	-	(65)	101
CID Montague Gardens : Nedbank	12,251	-	2021	-	335	-	-	(85)	250
CID Claremont Road Co.: DBSA	-	-	2023	11 692	-	-	-	(1 549)	10 143
TOTAL CONTROLLED ENTITIES				**11 720**	**473**	**-**	**-**	**(1 699)**	**10 494**
TOTAL				**6 135 521**	**1 000 473**	**16 617**	**34 843**	**(307 619)**	**6 879 835**

[1] *Guaranteed investment instruments have been established for the repayment of the bonds by once-off lump sum payments with various financial institutions, namely Nedbank (CCT01), Rand Merchant Bank (CCT02) and Liberty Group Limited (CCT03).*

ANNEXURE B: Analysis of Property, plant and equipment and other assets

AS AT 30 JUNE 2018

Rand thousands

	COST						ACCUMULATED DEPRECIATION						
	Opening balance	Transfers/ adjustments	Additions [1]	Impairments	Disposals	Closing balance	Opening balance	Transfers/ adjustments	Depreciation /Amortisation	Impairments	Disposals	Closing balance	Carrying value
Land and buildings													
Assets under construction	812 581	-	67 283	-	-	879 864	(16 091)	-	-	(470 352)	-	(486 443)	393 421
Vacant land	1 255 422	10 778	16 975	-	(361)	1 282 814	(260 341)	-	-	-	-	(260 341)	1 022 473
Land and buildings	2 746 195	224 805	161 590	-	(137)	3 132 453	(1 060 916)	(412)	(62 122)	(595)	137	(1 123 908)	2 008 545
	4 814 198	**235 583**	**245 848**	**-**	**(498)**	**5 295 131**	**(1 337 348)**	**(412)**	**(62 122)**	**(470 947)**	**137**	**(1 870 692)**	**3 424 439**
Infrastructure													
Assets under construction	3 441 461	(2 583 432)	1 742 688	-	-	2 600 717	-	-	-	-	-	-	2 600 717
Telecommunications	490 533	63 200	62 337	-	-	616 070	(39 008)	5	(33 640)	-	-	(72 643)	543 427
Drains	1 146 266	52 526	21 412	-	-	1 220 204	(411 914)	412	(43 534)	-	-	(455 036)	765 168
Roads	11 336 292	912 553	564 603	-	-	12 813 448	(3 375 155)	1 152	(397 492)	(3 416)	-	(3 774 911)	9 038 537
Beach improv ements	48 208	84 943	14 242	-	-	147 393	(24 776)	(1 479)	(3 154)	-	-	(29 409)	117 984
Sewerage mains and purification	4 438 700	495 057	131 028	-	-	5 064 785	(1 562 496)	518	(243 093)	-	-	(1 805 071)	3 259 714
Security	955 513	46 798	157 689	-	(42)	1 159 958	(390 599)	(15)	(102 683)	(350)	42	(493 605)	666 353
Electricity peak load equipment and mains	9 194 213	283 237	651 002	-	-	10 128 452	(2 855 484)	(127)	(196 295)	(62)	-	(3 051 968)	7 076 484
Water mains and purification	4 113 040	127 100	364 075	-	-	4 604 215	(1 721 074)	(430)	(190 632)	(395)	-	(1 912 531)	2 691 684
Reserv oirs - water	633 321	12 888	16 332	-	-	662 541	(384 890)	-	(21 211)	-	-	(406 101)	256 440
	35 797 547	**(505 130)**	**3 725 408**	**-**	**(42)**	**39 017 783**	**(10 765 396)**	**36**	**(1 231 734)**	**(4 223)**	**42**	**(12 001 275)**	**27 016 508**
Community assets													
Assets under construction	123 888	(45 008)	139 023	-	-	217 903	-	-	-	-	-	-	217 903
Parks and gardens	349 003	23 152	19 617	-	-	391 772	(57 246)	-	(12 580)	-	-	(69 826)	321 946
Libraries	299 968	(362)	2 000	-	-	301 606	(79 968)	3	(5 244)	-	-	(85 209)	216 397
Recreation facilities	5 632 038	10 022	37 784	-	(90)	5 679 754	(1 838 694)	9	(219 928)	(145)	75	(2 058 683)	3 621 071
Civ ic buildings	2 141 810	320 862	170 468	-	-	2 633 140	(701 816)	-	(36 391)	(551)	-	(738 758)	1 894 382
	8 546 707	**308 666**	**368 892**	**-**	**(90)**	**9 224 175**	**(2 677 724)**	**12**	**(274 143)**	**(696)**	**75**	**(2 952 476)**	**6 271 699**
Other assets													
Assets under construction	375 498	(292 885)	285 792	-	-	368 405	-	-	-	-	-	-	368 405
Buildings and land	1 262	-	-	-	-	1 262	(1 026)	-	(60)	-	-	(1 086)	176
Landfill sites	1 109 353	1 317	(11 380)	-	-	1 099 290	(582 653)	(465)	(50 141)	-	-	(633 259)	466 031
Furniture, fittings and equipment	1 105 810	9 937	117 205	-	(48 437)	1 184 515	(727 010)	(44)	(116 807)	-	45 141	(798 720)	385 795
Bins and containers	67 862	287	1 682	-	(336)	69 495	(54 987)	248	(4 834)	-	321	(59 252)	10 243
Emergency equipment	56 198	577	11 343	-	(4 839)	63 279	(39 754)	4	(4 977)	-	4 729	(39 998)	23 281
Motor v ehicles and watercraft	1 202 267	(4)	283 600	-	(57 513)	1 428 350	(619 000)	-	(91 266)	(422)	47 196	(663 492)	764 858
Plant and equipment	949 309	133 176	118 987	-	(58 200)	1 143 272	(638 870)	704	(53 252)	-	55 325	(636 093)	507 179
Specialised v ehicles	1 526 190	-	155 659	-	(6 159)	1 675 690	(623 861)	-	(95 125)	(352)	5 150	(714 188)	961 502
Computer equipment	2 266 062	43 597	220 951	-	(164 915)	2 365 695	(1 670 709)	(83)	(250 987)	(304)	162 590	(1 759 493)	606 202
Animals	434	-	1 164	-	(28)	1 570	(317)	-	(58)	-	26	(349)	1 221
	8 660 245	**(103 998)**	**1 185 003**	**-**	**(340 427)**	**9 400 823**	**(4 958 187)**	**364**	**(667 507)**	**(1 078)**	**320 478**	**(5 305 930)**	**4 094 893**
Service concession assets													
Buses and depots	**1 410 668**	**481**	**268**	**-**	**-**	**1 411 417**	**(455 127)**	**-**	**(116 809)**	**(4 974)**	**-**	**(576 910)**	**834 507**
Housing rental stock	**3 073 754**	**-**	**63 172**	**-**	**(21 258)**	**3 115 668**	**(941 702)**	**-**	**(97 157)**	**-**	**17 813**	**(1 021 046)**	**2 094 622**
TOTAL PPE	**62 303 119**	**(64 398)**	**5 588 591**	**-**	**(362 315)**	**67 464 997**	**(21 135 484)**	**-**	**(2 449 472)**	**(481 918)**	**338 545**	**(23 728 329)**	**43 736 668**

ANNEXURE B: Analysis of Property, plant and equipment and other assets

AS AT 30 JUNE 2018 (continued)

Rand thousands

	COST						ACCUMULATED DEPRECIATION						
	Opening balance	Transfers/ adjustments	Additions [1]	Impairments	Disposals	Closing balance	Opening balance	Transfers/ adjustments	Depreciation /Amortisation	Impairments	Disposals	Closing balance	Carrying value
Heritage assets													
Paintings and museum items	8 904	(13)	-	-	-	8 891	-	-	-	-	-	-	8 891
	8 904	**(13)**	**-**	**-**	**-**	**8 891**	**-**	**-**	**-**	**-**	**-**	**-**	**8 891**
Investment property													
Vacant land	518 180	-	-	-	-	518 180	-	-	-	-	-	-	518 180
Land and buildings	124 501	-	-	-	-	124 501	(56 254)	-	(1 714)	-	-	(57 968)	66 533
	642 681	**-**	**-**	**-**	**-**	**642 681**	**(56 254)**	**-**	**(1 714)**	**-**	**-**	**(57 968)**	**584 713**
Intangible assets													
Assets under construction	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of rights	561 441	-	-	-	-	561 441	(214 393)	116	(70 180)	-	-	(284 457)	276 984
Computer software	811 639	64 409	127 931	-	-	1 003 979	(479 816)	(116)	(84 991)	-	-	(564 923)	439 056
	1 373 080	**64 409**	**127 931**	**-**	**-**	**1 565 420**	**(694 209)**	**-**	**(155 171)**	**-**	**-**	**(849 380)**	**716 040**
TOTAL OTHER	**2 024 665**	**64 396**	**127 931**	**-**	**-**	**2 216 992**	**(750 463)**	**-**	**(156 885)**	**-**	**-**	**(907 348)**	**1 309 644**
GRAND TOTAL PPE AND OTHER	**64 327 784**	**(2)**	**5 716 522**	**-**	**(362 315)**	**69 681 989**	**(21 885 947)**	**-**	**(2 606 357)**	**(481 918)**	**338 545**	**(24 635 677)**	**45 046 312**

[1] *Includes the contributed assets amount of R5,72 million.*

ANNEXURE C: Disclosure of bank accounts in terms of section 125(2)(a) of the MFMA

FOR THE YEAR ENDED 30 JUNE 2018

Rand thousands

	Account numbers			
	2018	2018	2017	2016
MUNICIPALITY OF CAPE TOWN				
Bank accounts held with Nedbank				
Main bank	1158667043	181 975		
Salary bank	1158667078	-		
Cashier's bank	1158667051	-		
General income bank (primary)	1158667035	-		
Traffic fines bank	1158667086	-		
IRT bank	1158667094	-		
Amortised cost		181 975		
Bank accounts held with ABSA				
Main bank	40-5658-4470	19 598	469 968	61 936
Salary bank	40-5658-4496	-	-	-
Cashier's bank	40-5658-4527	-	-	-
General income bank	40-5658-4569	-	-	-
Traffic fines bank	40-7261-8663	-	-	-
IRT bank	40-8089-5180	8 162	-	-
Amortised cost		27 760	469 968	61 936
Amortised cost - see note 11		**209 735**	**469 968**	**61 936**
SUBSIDIARIES				
CTICC				
Bank accounts				
Nedbank - current	1232043850	753	463	265
ABSA Bank - current	4072900553	1 254	8 639	6 106
ABSA Bank - CTICC east - current	4072900228	967	2 645	1 067
ABSA Bank - exh serv - current	4072900731	642	24	44
ABSA Bank Treasury	4073731246	71	68	65
ABSA Bank Treasury	4073733701	2 451	2 302	2 157
Amortised cost		**6 138**	**14 141**	**9 704**
City improvement districts		**95 246**	**71 195**	**52 860**
Total bank balances - see note 11		**311 119**	**555 304**	**124 500**
MUNICIPALITY OF CAPE TOWN				
Bank accounts managed by fund managers (Nedbank)				
City of Cape Town	1151568899	226		
City of Cape Town	1151568902	5 196		
City of Cape Town	1151568910	138		
City of Cape Town	1151568929	996		
City of Cape Town	1151568937	2 569		
City of Cape Town	1151568945	945		
City of Cape Town	1151568953	592		
City of Cape Town	1151568961	111		
City of Cape Town	1151568988	182		
City of Cape Town	5500125803	-		
		10 955		
Bank accounts managed by fund managers (ABSA)				
City of Cape Town	5500125800	-	-	502
City of Cape Town	5500125801	-	481	2 431
City of Cape Town	5500125802	13	306	237
City of Cape Town	5500125804	-	1 803	1 684
City of Cape Town	5500125805	-	4 015	857
City of Cape Town	5500125806	-	574	655
City of Cape Town	5500125807	-	598	588
City of Cape Town	5500125808	8	1 081	569
City of Cape Town	5500125809	-	194	258
City of Cape Town	5500125803	-	-	95
		21	9 052	7 876
Fair value - see note 11		**10 976**	**9 052**	**7 876**
City of Cape Town - see note 11	5500125803	-	(5 298)	-
Fair value		**10 976**	**3 754**	**7 876**

ANNEXURE C: Disclosure of bank accounts in terms of section 125(2)(a) of the MFMA (continued)

FOR THE YEAR ENDED 30 JUNE 2018

Rand thousands

	Account numbers			
	2018	2018	2017	2016
SUBSIDIARIES				
CTICC				
Investment accounts				
Nedbank - call deposit	03/7881544007/000105	19	18	17
Nedbank - investment account	03/7881544007/000104	-	-	15 429
ABSA Bank - call deposit	4074708347	14 424	39 622	14 834
First National Bank - RMB investment	00 506 190 167 40	14 834	13 800	12 788
Stanlib - corporate money market fund	000-402-184 (1199539)	27 909	2 752	51 793
Stanlib - corporate money market fund	000-402-184 (1199539)	-	-	7
Investec - corporate money market fund	(462097) 1008645	37 946	35 164	19 489
Investec - corporate money market fund	(462097) 1037793	-	-	24
ABSA Bank - call deposit	4083941322	3	1	14 018
Nedgroup - money market fund	(1800167964) 8319631	28 663	48 356	58 687
Nedgroup - money market fund C2	(1452-027-900) 8319631	35 298	17 255	-
ABSA Bank - money market fund	9295637051	711	-	-
ABSA Bank - CTICC money market fund	09316676360	13 646	35 299	86 824
ABSA Bank - guarantee	506009 4072900553 - 43939765	45 225	45 620	134 913
Amortised cost		**218 678**	**237 887**	**408 823**

SHORT-TERM DEBT FACILITIES

The Municipality of Cape Town had the following short-term debt facilities with the City's main banker:

	2018	2017
General banking facility	800 000	-
Guarantee facility (cash covered)	100 000	-
Guarantee facility (Non-cash covered)	12 000	25 000
Letter of credit	16 000	10 500
Business travel card	2 000	2 000
Daylight limit	-	2 000 000

The short-term debt facilities are reviewed annually and can be explained as follows:

General banking facility
This facility allows the City to quickly access funds should an immediate drawdown into the City's bank account be required.

Guarantee facility (cash covered)
This is a facility whereby the bank will guarantee a payment to a beneficiary on behalf of the client to meet the obligations between the client and the beneficiary. This facility would be cash covered which means that the client provides cash cover which is held in an interest bearing investment account and is then ceded to the bank.

Guarantee facility (Non-cash covered)
This is a facility whereby the bank will guarantee a payment to a beneficiary on behalf of the client to meet the obligations between the client and the beneficiary. There is no cash required in this instance.

Letter of credit
A letter of credit is a document issued by the bank, assuring payment to a seller of goods or services, provided that certain documents have been presented to the bank. The documents should prove that the seller has performed the duties specified by an underlying contract, and that the goods/services have been supplied as agreed. In return for these documents, the beneficiary receives payment from the bank that issued the letter.

Business travel card
The travel card facility is used for all the travel spend of the City (airfares, hotel and accommodation, car hire, travel agent fees, forex, etc) as the main, cost-effective and reliable card payment solution from the City's main banker. A credit facility is loaded on the account/card.

Daylight limit
A daylight limit is a facility that enables the City to transact even if there are insufficient funds during that particular day. It entails moneys lent and advanced during that day, provided it is settled by the end of that business day. This facility was applicable to the City's previous banker. The City has a similar arrangement with its current banker however this is not classified as short term debt.

ANNEXURE D: Segmental statement of financial performance

FOR THE YEAR ENDED 30 JUNE 2018

Rand thousands

BUSINESS ACTIVITIES	Actual income	Actual expenditure	(Surplus)/ deficit	Inter-departmental charges	Net (surplus)/ deficit	Grants and donations	Actual net result from operations	Budgeted net result from operations
Municipal Governance and Administration	**(17 348 174)**	**4 101 141**	**(13 247 033)**	**(5 459 028)**	**(7 788 005)**	**(8 435)**	**(7 779 570)**	**(6 403 786)**
Executive and Council	(1 192)	43 939	42 747	(353 722)	396 469	(91)	396 560	424 949
Finance and Administration	(17 346 927)	4 056 707	(13 290 220)	(5 063 457)	(8 226 763)	(8 344)	(8 218 419)	(6 874 923)
Internal Audit	(55)	495	440	(41 849)	42 289	-	42 289	46 188
Community and Public Safety	**(1 903 438)**	**7 104 949**	**5 201 511**	**1 945 371**	**3 256 140**	**(476 099)**	**3 732 239**	**3 762 029**
Community and Social Services	(121 671)	1 514 079	1 392 408	586 397	806 011	(50 453)	856 464	908 930
Sport and Recreation	(86 228)	1 684 324	1 598 096	590 076	1 008 020	(40 679)	1 048 699	1 074 433
Public Safety	(47 447)	738 792	691 345	183 556	507 789	(14 199)	521 988	568 552
Housing	(1 267 068)	1 925 837	658 769	412 062	246 707	(342 391)	589 098	478 831
Health	(381 024)	1 241 917	860 893	173 280	687 613	(28 377)	715 990	731 283
Economic and Environmental Services	**(3 250 417)**	**7 034 347**	**3 783 930**	**1 117 296**	**2 666 634**	**(720 676)**	**3 387 310**	**4 035 620**
Planning and Development	(351 698)	1 179 835	828 137	264 064	564 073	(3 351)	567 424	618 322
Road Transport	(2 890 254)	5 682 507	2 792 253	807 069	1 985 184	(717 339)	2 702 523	3 292 990
Environmental Protection	(8 465)	172 005	163 540	46 163	117 377	14	117 363	124 308
Trading Services	**(26 149 012)**	**24 977 247**	**(1 171 765)**	**2 589 453**	**(3 761 218)**	**(627 607)**	**(3 133 611)**	**(1 614 732)**
Energy Sources	(13 097 002)	12 260 245	(836 757)	2 038 403	(2 875 160)	(140 521)	(2 734 639)	(2 401 225)
Water Management	(6 261 542)	5 856 883	(404 659)	255 300	(659 959)	(222 075)	(437 884)	391 925
Waste water management	(3 271 061)	3 436 422	165 361	769 018	(603 657)	(265 011)	(338 646)	80 559
Waste management	(3 519 407)	3 423 697	(95 710)	(473 268)	377 558	-	377 558	314 009
Subsidiaries	**(512 535)**	**917 398**	**404 863**	**(193 092)**	**597 955**	**208 373**	**389 582**	**661 605**
Cape Town International Convention Centre	(264 177)	696 468	432 291	22 028	410 263	208 373	201 890	669 599
Cape Town Stadium	(28 916)	28 916	-	(22 167)	22 167	-	22 167	-
City improvement districts	(219 442)	192 014	(27 428)	(192 953)	165 525	-	165 525	(7 994)
TOTAL	**(49 163 576)**	**44 135 082**	**(5 028 494)**	**-**	**(5 028 494)**	**(1 624 444)**	**(3 404 050)**	**440 736**

ANNEXURE E: Disclosure of grants and subsidies in terms of section 123 of MFMA

FOR THE YEAR ENDED 30 JUNE 2018

Rand thousands

National and Provincial grant funds 2017/18									
					Conditions met - transferred to revenue				
Description	**Source**	**Balance unspent at beginning of the year [1]**	**Current-year receipts**	**Adjustments**	**Operating**	**Capital**	**Interest earned**	**Amounts to be claimed**	**Balance unspent at the end of the year [1]**
National Government									
2014 African Nations Championship	Sport and Recreation	(2)	-	-	-	-	-	-	(2)
Accreditation: Development Support	State Housing	(742)	-	-	-	-	-	-	(742)
Department of Environmental Affairs and Tourism	Environmental Affairs	(87)	(220)	-	-	-	-	-	(307)
DME - INEP	Energy	-	(5 000)	27	-	2 739	-	-	(2 234)
Emergency Disaster Relief Grant	Department of Corporate Governance	-	(20 813)	-	-	20 813	-	-	-
Energy Efficiency Electricity Demand Side Management	Energy	-	(10 000)	1 037	186	7 435	-	-	(1 342)
Expanded Public Works Incentive Grant	National Treasury	-	(14 183)	-	13 783	400	-	-	-
Finance Management Grant	National Treasury	-	(1 050)	-	1 050	-	-	-	-
Health and Hygiene education: Informal Settlements	Water	(11)	-	-	-	-	-	-	(11)
Infrastructure Skills Development	National Treasury	(903)	(10 393)	149	9 614	986	-	-	(547)
Integrated City Development Grant	National Treasury	-	(61 263)	6 529	(4 933)	50 045	-	-	(9 622)
LGSETA: Post Graduate Internship Programme	Environmental Affairs	(66)	-	-	-	-	-	-	(66)
Municipal Disaster Grant	Department of Corporate Governance	-	(122 502)	10 986	-	74 383	-	-	(37 133)
Neighbourhood Development Programme	National Treasury	-	(2 109)	38	-	2 071	-	-	-
Peninsula Wetlands Rehabilitation Project	Environmental Affairs	(29)	(1 781)	-	1 810	-	-	-	-
Public Transport Network Grant	Transport	(17 303)	(999 524)	70 654	396 719	512 190	-	-	(37 264)
Restructuring Grant - Seed Funding	National Treasury	(3 377)	-	17	-	128	-	-	(3 232)
Special Projects	Environmental Affairs	-	(3 003)	-	3 003	-	-	-	-
Terrestrial Invasive Alien Plants	Environmental Affairs	(128)	(1 179)	52	1 255	-	-	-	-
Tirelo Bosha Programme	Public Service and Administration	(63)	(10)	-	-	-	-	-	(73)
Urban Renewal	National Treasury	(678)	-	678	-	-	-	-	-
Urban Settlement Development Grant	National Treasury	(112 737)	(1 318 986)	187 327	49 009	1 029 238	-	-	(166 149)
Total DoRA allocation		**(136 126)**	**(2 572 016)**	**277 494**	**471 496**	**1 700 428**	**-**	**-**	**(258 724)**
2010 FIFA World Cup - Green Point: Interest account		(246)	-	-	-	-	-	-	(246)
LGSETA: Post Graduate Internship Programme: Interest account		(115)	-	-	-	-	(13)	-	(128)
Natural Resource Management: Interest account		(9)	-	-	-	-	(1)	-	(10)
Neighbourhood Development Programme: Interest account		(790)	-	-	-	-	(193)	-	(983)
Peninsula Wetlands Rehabilitation Project: Interest account		(46)	-	-	57	-	(29)	-	(18)

ANNEXURE E: Disclosure of grants and subsidies in terms of section 123 of MFMA

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

National and Provincial grant funds 2017/2018

Description	Source	Balance unspent at beginning of the year [1]	Current-year receipts	Adjustments	Conditions met - transferred to revenue: Operating	Conditions met - transferred to revenue: Capital	Interest earned	Amounts to be claimed	Balance unspent at the end of the year [1]
Public Transport Infrastructure Systems Grant: Interest account		(229 515)	-	-	30 666	-	(15 696)	-	(214 545)
Public Transport Infrastructure Grant: Interest account		(33 491)	-	-	-	(831)	(2 379)	-	(36 701)
Public Transport Network Grant: Interest account		(32 042)	-	-	-	-	(19 308)	-	(51 350)
Public Transport Network Operations Grant: Interest account		(13 997)	-	-	-	-	(993)	-	(14 990)
Smart Living Handbook: Interest account		(93)	-	-	-	-	(7)	-	(100)
Special Projects		(76)	-	-	74	-	(39)	-	(41)
Terrestrial Invasive Alien Plants: Interest account		(41)	-	-	37	-	(27)	-	(31)
Total interest earned		**(310 461)**	**-**	**-**	**30 834**	**(831)**	**(38 685)**	**-**	**(319 143)**
TOTAL NATIONAL GOVERNMENT TRANSFERS AND GRANTS		**(446 587)**	**(2 572 016)**	**277 494**	**502 330**	**1 699 597**	**(38 685)**	**-**	**(577 867)**
Province									
ABET Adult Education	Education	(4)	-	-	-	-	-	-	(4)
Accreditation Assistance	Human Settlements	(5 483)	(5 000)	-	6 089	-	(336)	-	(4 730)
Belhar Pentech 340 Top Structures	Human Settlements	-	-	(18 718)	18 173	-	-	-	(545)
Bokmakierie / Hazendal Infill 3	Human Settlements	(414)	-	-	-	-	-	-	(414)
Broadband	Department of the Premier	(1 621)	-	1 621	-	-	-	-	-
Browns Farm Phase 3,4,5,6	Human Settlements	(10 990)	-	-	15	-	-	-	(10 975)
Chemical Toilets in Wallacedene	Human Settlements	(34)	-	34	-	-	-	-	-
Clinics : HIV/AIDS and TB Programmes	Health	(13)	-	-	-	-	-	-	(13)
Contributed Assets: 12 ECG Machines	Health	-	-	(352)	-	352	-	-	-
Contributed Assets: 4 Kiosks	Community Safety	-	-	(232)	-	232	-	-	-
Community Residential Units	Human Settlements	(45 829)	-	42 822	-	776	-	(776)	(3 007)
Delft - The Hague Phase 2 (896)	Human Settlements	-	-	(58 529)	3 271	-	-	-	(55 258)
Delft The Hague / Roosendal Eindhoven	Human Settlements	(24 907)	-	-	16 441	-	-	-	(8 466)
Disaster Fund - Fire/Flood Kits	Human Settlements	(6 277)	-	(20 000)	20 600	-	-	-	(5 677)
Edward Road Energy Efficient Project	Human Settlements	(3 316)	-	-	-	-	(236)	-	(3 552)
EHP Nyanga, Du Noon and Atlantis	Human Settlements	(10 447)	-	-	-	-	-	-	(10 447)

ANNEXURE E: Disclosure of grants and subsidies in terms of section 123 of MFMA

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

National and Provincial grant funds 2017/18										
					Conditions met - transferred to revenue					
Description	Source	Balance unspent at beginning of the year [1]	Current-year receipts	Adjustments	Operating	Capital	Interest earned	Amounts to be claimed	Balance unspent at the end of the year [1]
Emergency Funds (PGWC)	Human Settlements	-	(2 500)	-	-	-	-	-	(2 500)
Enhanced Extended Discount Benefit Scheme	Human Settlements	(7 378)	-	9 108	-	-	-	(1 730)	-
Eradication of Registration Backlog	Human Settlements	(9 537)	-	-	4 183	-	-	-	(5 354)
Erf 160: Boys Town	Human Settlements	-	-	(1 478)	1 478	-	-	-	-
Establishment Grants	Human Settlements	(1 445)	-	(446)	1 102	-	(85)	-	(874)
Facilitation Grants	Human Settlements	(806)	-	(954)	529	-	(60)	-	(1 291)
False Bay Ecology	Economic Development and Tourism	(53)	-	53	-	-	-	-	-
Finance Management Support Grant	Treasury	-	(230)	-	230	-	(3)	-	(3)
Financial Management Capacity Building Grant	Treasury	(122)	(240)	-	-	-	(13)	-	(375)
Fire Detection Surveillance Cameras	Human Settlements	(5)	-	5	-	-	-	-	-
Fisantekraal Garden Cities (RDP 4672 Units)	Human Settlements	-	-	(7 431)	2 234	-	-	-	(5 197)
Garden Cities/Greenville/Fisantekraal 868	Human Settlements	(19 807)	-	(19 865)	33 164	-	-	-	(6 508)
Glenhaven Social Housing Project	Human Settlements	(9 000)	-	(21 000)	-	-	-	-	(30 000)
Global Fund Community Base Response Project	Health	(92)	-	-	-	-	-	-	(92)
Global Fund Community Based Programme	Health	(3 401)	-	-	-	-	(241)	-	(3 642)
Government Grant Community Development Workers	Human Settlements	(578)	(1 036)	-	402	90	(57)	-	(1 179)
Green Point Phase 2 Housing	Human Settlements	(797)	-	-	61	-	-	-	(736)
Gugulethu Housing Infill Project	Human Settlements	(11 226)	-	(40 412)	11 377	-	-	-	(40 261)
Happy Valley - Phase 2 Top Structures	Human Settlements	(65)	-	-	-	-	-	-	(65)
Hazendal Infill - Top Structures	Human Settlements	(81)	-	-	37	-	-	-	(44)
HCE Manuals (Housing Consumer Education)	Human Settlements	(136)	-	-	34	-	(9)	-	(111)
Heideveld Housing Infill	Human Settlements	(9 091)	-	(6 691)	15 469	-	-	-	(313)
HIV/AIDS Community Based Response Projects	Health	(14 702)	(207 677)	-	217 701	-	-	-	(4 678)
Housing Settlements Development Grant	Human Settlements	(108 494)	(405 754)	514 248	-	-	-	-	-
IHP Westgate Mall Phase C1 and C2	Human Settlements	(2 075)	-	-	110	-	-	-	(1 965)
Informal Settlements	Human Settlements	(1 367)	(1 500)	227	766	-	-	-	(1 874)
Interactive Community Access Network	Economic Development and Tourism	(5)	-	5	-	-	-	-	-

ANNEXURE E: Disclosure of grants and subsidies in terms of section 123 of MFMA

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

National and Provincial grant funds 2017/18

Description	Source	Balance unspent at beginning of the year [1]	Current-year receipts	Adjustments	Conditions met - transferred to revenue: Operating	Conditions met - transferred to revenue: Capital	Interest earned	Amounts to be claimed	Balance unspent at the end of the year [1]
Jakkelsvlei Canal Upgrading	Human Settlements	(10 427)	-	-	-	-	-	-	(10 427)
Kanonkop Phase 1 Top Structures	Human Settlements	(10 340)	-	-	7 594	-	-	-	(2 746)
Khayelitsha Site C Subsidies	Human Settlements	(4 424)	-	-	-	-	(314)	-	(4 738)
Kleinvlei Phase 2	Human Settlements	(452)	-	-	56	-	-	-	(396)
Law Enforcement Officers	Community Safety	(463)	(24 234)	-	24 234	-	-	-	(463)
Law Enforcement Officers	Human Settlements	(70)	(6 500)	-	4 020	-	(105)	-	(2 655)
Library Service: Procurement Periodicals and Newspapers	Cultural Affairs and Sport	-	(4 500)	-	4 498	-	(182)	-	(184)
Library Metro Grant	Cultural Affairs and Sport	(380)	(10 000)	-	-	9 958	(612)	-	(1 034)
Metropolitan Land Transport Fund	Transport and Public Works	(7 650)	(26 000)	3 666	12 470	-	(234)	-	(17 748)
Mfuleni Ext 3	Human Settlements	(129)	-	129	-	-	-	-	-
Mfuleni Flood Relief Project	Human Settlements	(2 576)	-	2 576	-	-	-	-	-
Mitchell's Plain Infill Phase 1	Human Settlements	(4 143)	-	-	198	-	-	-	(3 945)
Mitchell's Plain TA2	Human Settlements	(276)	-	-	-	-	-	-	(276)
Morkel's Cottage Strand Housing Project	Human Settlements	-	-	(22 022)	12 100	-	-	-	(9 922)
Morningstar Infill IRDP	Human Settlements	(4 792)	-	(14 515)	19 141	-	-	-	(166)
New Housing Development Projects	Human Settlements	-	-	(7 943)	3 088	-	-	-	(4 855)
NHBRC Enrollment Fees	Human Settlements	-	-	(16 011)	14 296	-	-	-	(1 715)
Nutrition Supplement Programme	Health	-	(5 429)	245	5 200	-	-	(16)	-
Occupancy Survey	Human Settlements	-	-	(13 000)	577	-	-	-	(12 423)
Pelican Park 2083 Top Structures	Human Settlements	(8 949)	-	7 839	352	-	-	-	(758)
Peoples Housing Project	Human Settlements	(116 213)	-	(182 196)	209 597	-	17 273	-	(71 539)
Philippi East Top Structures	Human Settlements	(1)	-	-	-	-	-	-	(1)
Philippi East Phase 5	Human Settlements	(597)	-	-	30	-	-	-	(567)

ANNEXURE E: Disclosure of grants and subsidies in terms of section 123 of MFMA

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

National and Provincial grant funds 2017/18

Description	Source	Balance unspent at beginning of the year [1]	Current-year receipts	Adjustments	Conditions met - transferred to revenue: Operating	Conditions met - transferred to revenue: Capital	Interest earned	Amounts to be claimed	Balance unspent at the end of the year [1]
Provision of Security Improvements at Rail Park and Ride Facilities	Transport and Public Works	(239)	-	244	-	-	(5)	-	-
Public Library Fund	Cultural Affairs and Sport	(3 815)	(53 299)	-	37 344	15 208	(1 348)	-	(5 910)
Rou Emoh Housing Development	Human Settlements	-	-	(8 167)	5 648	2 451	(113)	-	(181)
Salt River Transitional Housing - Madulammoho Housing Association	Human Settlements	-	-	(4 806)	-	4 802	-	-	(4)
Scottsdene 350 Top Structures	Human Settlements	(5 493)	-	5 493	-	-	-	-	-
Sir Lowry's Pass Village TRA	Human Settlements	(1 389)	-	-	-	-	-	-	(1 389)
Somerset West Housing Project	Human Settlements	(1 848)	-	(198)	-	-	-	-	(2 046)
Sweet Homes IDA TRA	Human Settlements	(18 727)	-	-	11 610	-	-	-	(7 117)
Tambo Square	Human Settlements	(286)	-	-	-	-	-	-	(286)
TB Crisis Plan	Health	(1 351)	(26 793)	-	27 604	-	-	-	(540)
Vaccines	Health	-	(90 264)	11 924	96 299	-	-	(17 959)	-
Vrygrond	Human Settlements	(33)	-	-	-	-	-	-	(33)
Wallacedene Phase 3, 4, 5, 6, 7, 8, 9, 10	Human Settlements	(13 383)	-	1 559	845	-	-	(11)	(10 990)
TOTAL PROVINCE TRANSFERS AND GRANTS		**(528 044)**	**(870 956)**	**136 832**	**850 267**	**33 869**	**13 320**	**(20 492)**	**(385 204)**
Analysis of grants and subsidies									
Total National Government transfers and grants		**(446 587)**	**(2 572 016)**	**277 494**	**502 330**	**1 699 597**	**(38 685)**	**-**	**(577 867)**
Total Province transfers and grants		**(528 044)**	**(870 956)**	**136 832**	**850 267**	**33 869**	**13 320**	**(20 492)**	**(385 204)**
		(974 631)	**(3 442 972)**	**414 326**	**1 352 597**	**1 733 466**	**(25 365)**	**(20 492)**	**(963 071)**

[1] *The balance unspent at beginning and end of the year excludes VAT.*

ANNEXURE F: Appropriation statement

FOR THE YEAR ENDED 30 JUNE 2018 (continued)

Rand thousands

	2017/18											2016/17			
	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy) R'000	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget %	Actual outcome as % of original budget %	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
Financial performance															
Property rates	8 662 350	32 581	8 694 931	-	-	8 694 931	8 667 169	-	-	100	100	-	-	-	-
Service charges	19 283 398	(2 125 586)	17 157 812	-	-	17 157 812	17 862 846	-	-	104	93	-	-	-	-
Investment revenue	785 328	120 000	905 328	-	-	905 328	900 370	-	-	99	115	-	-	-	-
Transfers recognised - operational	6 455 942	(1 846 190)	4 609 752	-	-	4 609 752	6 450 645	-	-	140	100	-	-	-	-
Other own revenue	3 136 399	2 458 242	5 594 641	-	-	5 594 641	3 986 657	-	-	71	127	-	-	-	-
Total revenue (excluding capital transfers and contributions)	**38 323 417**	**(1 360 953)**	**36 962 464**	**-**	**-**	**36 962 464**	**37 867 687**	**-**	**-**	**102**	**99**	**-**	**-**	**-**	**-**
Employee costs	12 166 080	(556 778)	11 609 302	-	(11 309)	11 597 993	10 947 023	-	-	94	90	-	-	-	-
Remuneration of councillors	156 841	(326)	156 515	-	-	156 515	155 579	-	-	99	99	-	-	-	-
Debt impairment	2 508 738	(17 553)	2 491 185	-	-	2 491 185	2 503 517	-	-	100	100	-	-	-	-
Depreciation and asset impairment	3 280 424	(52 021)	3 228 403	-	-	3 228 403	3 021 436	-	-	94	92	-	-	-	-
Finance charges	1 138 139	(141 117)	997 022	-	527	997 549	782 926	-	-	78	69	-	-	-	-
Materials and bulk purchases	9 730 312	194 741	9 925 053	-	31 587	9 956 640	9 345 502	-	-	94	96	-	-	-	-
Transfers and grants	140 985	273 465	414 450	-	33 110	447 560	408 037	-	-	91	289	-	-	-	-
Other expenditure	9 223 635	(678 936)	8 544 699	-	(53 915)	8 490 784	7 486 303	-	-	88	81	-	-	-	-
Total expenditure	**38 345 154**	**(978 525)**	**37 366 629**	**-**	**-**	**37 366 629**	**34 650 323**	**-**	**-**	**93**	**90**	**-**	**-**	**-**	**-**
Surplus/(deficit)	**(21 737)**	**(382 428)**	**(404 165)**	**-**	**-**	**(404 165)**	**3 217 364**	**-**	**-**	**-**	(14 801)	-	-	-	-
Transfers recognised - capital	2 268 835	(176 705)	2 092 130	-	-	2 092 130	1 732 882	-	-	83	76	-	-	-	-
Contributions recognised - capital and contributed assets	84 900	11 685	96 585	-	-	96 585	78 248	-	-	81	92	-	-	-	-
Surplus/(deficit) after capital transfers and contributions	**2 331 998**	**(547 448)**	**1 784 550**	**-**	**-**	**1 784 550**	**5 028 494**	**-**	**-**	**282**	**216**	**-**	**-**	**-**	**-**
Share of surplus/(deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(deficit) for the year	**2 331 998**	**(547 448)**	**1 784 550**	**-**	**-**	**1 784 550**	**5 028 494**	**-**	**-**	**282**	**216**	**-**	**-**	**-**	**-**
Capital expenditure and funds sources															
Capital expenditure															
Transfers recognised - capital	2 268 835	(176 705)	2 092 130	-	-	2 092 130	1 732 882	-	-	83	76	-	-	-	-
Public contributions and donations	84 900	11 685	96 585	-	-	96 585	72 532	-	-	75	85	-	-	-	-
Borrowing	2 894 482	1 105 518	4 000 000	-	-	4 000 000	2 533 155	-	-	63	88	-	-	-	-
Internally generated funds	1 782 979	(107 221)	1 675 758	-	-	1 675 758	1 386 951	-	-	83	78	-	-	-	-
Total sources of capital funds [1]	**7 031 196**	**833 277**	**7 864 473**	**-**	**-**	**7 864 473**	**5 725 520**	**-**	**-**	**73**	**81**	**-**	**-**	**-**	**-**
Cash flows															
Net cash from (used) operating	5 540 553	(717 309)	4 823 244	-	-	4 823 244	7 528 519	-	-	156	136	-	-	-	-
Net cash from (used) investing	(7 106 997)	239 446	(6 867 551)	-	-	(6 867 551)	(6 226 551)	-	-	91	88	-	-	-	-
Net cash from (used) financing	2 100 551	1 496 648	3 597 199	-	-	3 597 199	731 280	-	-	20	35	-	-	-	-
Cash/cash equivalents at the year end	**534 107**	**1 018 785**	**1 552 892**	**-**	**-**	**1 552 892**	**2 033 248**	**-**	**-**	**131**	**381**	**-**	**-**	**-**	**-**

[1] *The actual capital outcome amount does not include the contributed assets amount of R5,72 million. See appendix B.*

ANNEXURE G: Bids awarded to family of employees in the service of the state – 2017

Rand thousands

Connected person	Position held in State	Economic entity 2017	Municipality of Cape Town 2017
N Abyocate	Department of Justice	63	63
L Arries; J Willemse	Teacher; Nurse	2 249	2 249
M Barnard	Deputy Director: Health Department	689	689
M Basson	Principal Facility Officer	244	244
M Brink	Doctor	839	-
J Bodma	Metro Paramedics	281	281
V Botto; K Botto	Chief: Forensics; Finance: Principal Profession Officer	1 118	1 118
RT Bowers	Social worker	210	210
C Brown	SABC	34	34
C Brynard	Councillor	3 003	3 003
G Buitendag	Principal Professional Officer	6 608	6 608
D Burgess	Senior Clerk	234	234
C Carr	Administrative Officer	228	228
P Christopher	Manager: Operations	639	639
JP Cilliers	Special Advisor to the Premier	327	327
M Daniels	Project Administrator	119	119
F Davids	Clerk	1	1
J Davids	Department of Health	11	11
M Davids	Operational Supervisor: Driver	381	381
SFA Davids	Department of Education	2 109	2 109
W De Kock	Stellenbosch municipality	254	254
N Dolf	Clerk	634	634
A Dolft	Senior Clerk	974	974
Y Ebrahim	Head: District 5	1 180	1 180
A Elloker	Senior Professional Officer	286	286
C Gordon	Clerk	42	42
A Harding	Administrative Officer	1	1
C Hector	NHRB	2 323	2 323
C Henderson	Teacher	336	336
F Hendricks	Administrative Officer	988	988
E Hlongwane	Manager: Cleansing	26	26
E Ishmail	Manager: Valuation Data and Systems	683	683
E Jacobs	Senior Clerk	13 804	13 804
R Jacob; E Samaai	Foreman; Province	1 073	1 073
Y Jacobs; O Khan; Y Jacobs	Department of Health; Department of Defense	1 038	1 038
Z Jawoodien	Prosecutor	99	99
M Johannes	Clerk	85	85
J Lategan	Clerk	75	75
T Lebesana	Transnet	81	81
E Lewis	Professional Officer	155	155
L Malcolm	Fire Fighter	1	1
R Marais	Teacher	9 510	9 510
M Mazaza	Director: Transport planning	605	605
S Mbolompo	Councillor	117	117
SS Merile	Operator: Small Plant	62	62
G Meyer; A Meyer; G Wyngaard	Manager: Support; Assistant Professional Officer; Assistant Buyer: SCM	984	984
T Meyer	Educator: Western Cape Education Department	238	-
A Mokupo	Administrative Officer	17	17
FJ Monk	Subcouncil Manager	948	948
MC Mshweshwe	Statutory Compliance Specialist	792	792
B Muller; D Muller	Department Education; Correctional Services	26	26
I Olifant	Forensic Pathology Services	87	87
C Olivier	Senior Operational Supervisor	8	8
B Paul	DCAS	692	692

ANNEXURE G: Bids awarded to family of employees in the service of the state – 2017 (continued)

Rand thousands

Connected person	Position held in State	Economic entity 2017	Municipality of Cape Town 2017
NG Payne	Principal Professional Officer	2	2
Y Phosa	Member of Parliament	355	58
C Rhoda	Head: Invasive Species Management	728	728
M Rhodes	Teacher	123	123
A Richards	Senior Professional Officer	156	156
L Ritter	Administrative Officer	1	1
D Rose	Call Centre Agent	898	898
T Salomons	Specialist Engineering	149	149
MN Sammy	Administrative Officer	4	4
C September	Administrative Officer	176	176
W Siebritz	Firefighter	38	38
Y Skunyana	Light Machine Operator	2 265	2 265
Y Spencer	National Health Laboratory Services	23	23
T Steyn	Senior Professional Officer	1 804	1 804
L Stolworthy	Principal Professional Officer	633	633
N Taylor	Administrative Officer	39	39
F Trom	Senior Worker	201	201
V van der Heever	Teacher	3 469	3 469
C van der Vendt	Senior Worker	195	195
J van Zyl	WCED	21	21
J Villet	Assistant Buyer: SCM	24	24
N Vlotman	Department of Health Bishop	14	14
MF Votersen	Head: Finance Parks	2 287	2 287
B Wasserfall	Senior Forensics Officer	975	975
G Willemse	Station Commander	52	52
S Willemse; A Bell	Administrative Officer; Senior Clerk	1 842	1 842
B Williams	Prison Warden	141	141
R Wyngaard	Administrative Officer - Tender: SCM	815	815
CCT and state awards	Members as per schedule below*	5 002	5 002
TOTAL		**80 043**	**78 669**

***Names of members (CCT and state awards)**

HC Ahlschlager	Special Investigation Unit
CJ Barry	Head: Finance (CCT)
T Botha	Oudtshoorn Municipality
M Skead, Dr	Nelson Mandela Bay Metropolitan University
WZ Erasmus	Cape Nature
HG Esterhuysen	West Coast District Municipality
T Govender	Umngeni Water
SM Grobbelaar	Northern Cape Department of Cooperative Governance
E Herholdt	Limpompo Department of Economic Development
A Heyns	Stellenbosch Municipality
JH Higgs	SARS
A Hougaard	Department of Correctional Services
J Jacobs	Eastern Cape Department of Education
B Kleynhans	Hassequa Municipality
BJ Kriegler	Cape Winelands District Municipality
M Marques	Department of Home Affairs
M Mayekiso	Department of Local Government and Traditional Affairs
AJ Moore	Department of Water Affairs
K Nadasen	National Department of Public Works
R Reddy-Maduray	Development Bank Southern Africa
S Seegers	Head: Security Architecture(CCT)
M van Rensburg	Eskom

APPENDIX A
Abbreviations used in these financial statements

AFD	Agence Française de Développement
AGSA	Auditor-General of South Africa
ASB	Accounting Standards Board
CCT	City of Cape Town
CID(s)	city improvement district(s)
CMTF	Cape Metropolitan Transport Fund
COID	compensation for occupational injuries and diseases
CPI	consumer price index
CRR	capital replacement reserve
CTICC	Cape Town International Convention Centre Company SOC Limited (RF)
DB	defined-benefit (scheme)
DBSA	Development Bank of Southern Africa
DC	defined-contribution (scheme)
DCAS	Department of Cultural Affairs and Sport
DMTN	domestic medium-term note
DoRA	Division of Revenue Act
FBE	free basic electricity
GRAP	Generally Recognised Accounting Practice
ICASA	Independent Communications Authority of South Africa
IDP	Integrated Development Plan
IGRAP	Interpretation of the Standards of Generally Recognised Accounting Practice
IRT	integrated rapid transit
JSE	Johannesburg Stock Exchange
KCT	Khayelitsha Community Trust
Mayco	Mayoral Committee
MFMA	Local Government: Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
NACS	nominal annual compounded semi-annually
NHRB	National Health Research Board
PAYE	pay-as-you-earn
PHP	People's Housing Process
PPE	property, plant and equipment
Province	Western Cape Provincial Government
SABC	South African Broadcasting Corporation
SALA	South African Local Authorities (Pension Fund)
SALGA	South African Local Government Association
SAMWU	South African Municipal Workers Union
SARS	South African Revenue Service
SCM	Supply Chain Management (Department)
UIF	Unemployment Insurance Fund
VAT	value-added tax
WCED	Western Cape Education Department